4:Grajdanzev--139-140 S-4 (no date) 1942 Formosans
116, 648, 659, 177.72 Japan
636.72

"Expenditures for the penetration of Southern countries and [140] 'secret funds' are scarcely likely to benefit the Chinese population of Taiwan."

4:Grajdanzev--140-141 S-4 (no date) 1942 Formosans
116, 648, 652, 659, 723, 177.65 Japan
636.65

"The large expenditures on railways and communications, on research, on investments in the South Seas, etc., show what importance the Japanese attach to the part of Taiwan in the schemes for an advance to the South. The money [141] collected in the Taiwan budget--almost 200 million yen--is thus mainly used, on the one hand, for the construction of the all-important base for Japanese penetration in the South Seas, on the other, for the purchase of Taiwanese products to be sent to Japan (1).

1. In the last few years the Japanese government has started the practice of direct contributions by the Taiwan Treasury to the Japan's Treasury. The sum appropriated in Taiwan's budget for 1941, for example, is 24.5 million yen."

4:Grajdanzev--185-187 S-4 (no date) 1942 Formosans-1-3
116, 453, 648, 177.64 Japan
636.64

"Taiwan 'the stone aiming at the south' was acquired by [186] Japan in 1895. The Bank of Taiwan, established in 1897, had among its tasks penetration of Southern China and Nan-Yo (1). In 1900 it established a branch in Amoy; in 1903—in Hongkong. In 1912 one

1. Nan-Yo includes Southeast Asia and the islands between Formosa and Australia. It is not clear whether the term includes Australia and New Zealand. Inclusion of Australia and New Zealand was denied by the former Minister of Foreign Affairs, Mr. Matsuoka, presumably to alleviate the fears of the Australians, but the maps published by the Japanese theorists of the southward advance include Australia and New Zealand.

in Bangkok. During the same period a well-planned net of agencies of the Bank was laid throughout the Malay archipelago. In 1919 with the assistance of the Bank of Taiwan the Chinese Southern (Hwa Nan) Bank was established with a capital of 10 million yen, and head offices in Taihoku, Taiwan. Its purpose was work among the Chinese emigrants in the colonial countries of Southeast Asia. In the same year the Bank of Taiwan established the South Seas (Nan-Yo) Warehouse Company with a capital of 5 million yen. As early as 1908 the government-general of Taiwan decided to earmark from its budget 700,000 to 800,000 yen annually for the purposes of education, health work, protection, cultivation

of friendship and financial assistance to the Japanese in South China and Nan-Yo. But beside these purposes, about which some information will be given below, there was financial assistance not only to business men as such, but to business men of a special character. Malaya, Netherlands Indies, Australia, the Philippines, French Indo-China and Siam, not to mention South China, were systematically covered by a network of Japanese photographers, druggists, laundrymen and shopkeepers. There were hundreds of photographers who did not have as many as five clients a year; druggists who never sold any drugs to the natives or any one else; fishermen who were busy in surveying the coasts and taking soundings. We do not know how many of them were paid from the general budget of Japan proper; but we know that the sums appropriated annually by the Taiwan government-general were probably sufficient to support 3,000 such people throughout Southeast Asia (Y240 a year being enough for a frugal Japanese in [187] these southern countries.) To this network one should add the branch offices and agencies of the Bank of Taiwan, and the consulates of the Japanese Empire dotting the same area (2).

2. French officials in Indo-China complained that the Japanese knew more about Indo-China than they did. (Noted in Mirovoye Khozyaistvo, . . . , 1941). The same may be said about other countries of Southeast Asia.

The details of expenditures of the Taiwan government-general for this purpose

according to a Japanese source 'are not clear' (3), but it was said that 60% were spent

3. Taiwan Keizai Nempo, 1941, p. 778.

in South China and 40% in Nan-Yo."

4:Grajdanzev--187 S-4 (no date) 1942 Formosans
116, 208, 648, 177.64 Japan
636.64

"Under the auspices of the Taiwan government-general the Zenrin kyokai ('Good Neighbor Association') was established in 1917 and the Hakuai kai ('Philanthropic Association') in 1918. Their capital was supplied by the Government-General and the Bank of Taiwan; they opened schools and hospitals not only in South China, but also in Davao (the Philippines) and North Borneo. After 1918 the Zenrin kyokai started publication of newspapers for Chinese readers in Foochow, Swatow and other places."

4:Grajdanzev--187-188 S-4 (no date) 1942 Formosans-1-2
116, 648, 177.64 Japan
636.64

"However, only after 1935 was the activity in Southeast Asia greatly intensified, the center, as before, being Taiwan. In 1935 the Government-General [of Japan--analyst] established a research institute for tropical countries. In 1936 a semi-private Taiwan Takushoku Kabushiki Kaisha (Taiwan Colonization Corporation) with a capital 30 million yen was organized, its purpose being not only the development of Taiwan, but also 'economic help' to the Japanese in South China and Nan-Yo and increase of trade with these countries. In 1936 the Japanese Overseas Minister, Mr. Nagata, answering an interpellation in the special session of the Diet, declared that 'the historical mission of Taiwan lies in the South, because of Taiwan's geographic position.' In 1937 the Government-General of Taiwan established a Foreign Affairs Division in charge of affairs of Kwantung, Swatow, Amoy, Hainan Island. The government stated the purpose as [188] being the spread of the knowledge of the Japanese language in South China and Nan-Yo through magazines, photographs, pictures, broadcasts, and in order—according to the statement of the Bureau of Information of the Government-General of Taiwan—to facilitate propaganda for the establishment of the East Asia Co-prosperity Sphere. In 1940 it established the Colonial Personnel Training School and rendered financial help to other institutions with similar purposes. The Bank of Taiwan was urged to give 'special loans' to the Japanese in South China (since 1935), in Nan-Yo (since 1936) and in

the Philippines (since 1938). On March 30, 1939 Shinnan Archipelago (Spratly Island and others)was annexed and declared a part of the Taiwan Government-General."

4:Grajdanzev--188 S-4 (no date) 1942 Formosans
116, 648. 652, 177.72 Japan
636.72

"All this [i.e. Japanese penetration to the South--analyst] required additional grants, and grants were forthcoming. In 1937 the Taiwan Government-General appropriated for the purposes of southern policy Y1, 061, 000; in 1938 Y1, 552, 000; in 1939 Y4, 073, 000; in 1940 Y5, 387, 000; in 1941 Y8, 002, 000. These figures may serve as an index of Japan's preparations for war in Southeast Asia. These sums were earmarked for work outside of Taiwan; but at the same time other amounts, enormous by Taiwan standards, were set apart from the Government-General budget for the construction of the base for southern advance in Taiwan. These expenditures from a minimum of 25 million yen in 1937 rose to a minimum of 50 million yen in 1941."

7: Joest--55 [9] E-5 (no date) 1882 Formosans
116, 648

In Taiwanfu there is a British consul who also manages the affairs of the German Consulate (during 1880, two German steamers and 64 German sailboats called at Formosa); most of the time, however, the consul lives in Takao, a small town 36 miles to the south.

25: Plaut--28 [2] U-4 (no date) 1903 Formosans
116, 643, 648, 177.64 Japan
636.64

Finally on the 14th of April 1895, the treaty of Shimonoseki forced China to cede Formosa with all of its islands andthe Pescadores to Japan, and then the Japanese Government began rapidly and energetically to establish order in her new possession. The difficulties were formidable, for the Chinese residents of the island did not look upon the new masters with good grace; then, too, the Japanese were not sure about the best methods of procedure at first, so they were groping and uncertain, and several times they were forced to change their system. That was due to the fact that the local administration was often quite unsuitable for applying the good suggestions of the officials. But finally the administration was organized in an intelligent and permanent fashion, and since 1898 the island has progressed steadily under the energetic and intuitive guidance of the Governor General, Lieutenant General Kodama Gentaro, and the tireless labor of the skilled and discrete Civil Governor Dr. Goto Shimpei.

621 for tax collection, conscription and cases of capital crime which were handled directly by the prefectural government. In this respect the situation in Formosa under the Manchu regime was the same as that on the Mainland. Within the village, the elder was elected, and approved by the local government. He had some assistants under him. Public affairs and minor crimes were decided and disposed of by the village elders. At times the new settlers drew up rules for the administration of local affairs, and affairs for common interest were discussed and decided upon by the council of householders.

• 648 631 669 Manchu control of Formosa was always tenuous. Uprisings were frequent, and after the first quarter of the 18th century internecine wars occurred incessantly. As the government was not strong enough to keep peace and order, self-defense was left to kinship groups or groups of the people of the same native town. In this situation the influential kinship group was very significant. If it was strong, not only could it defend its kinsmen better, but it could even suppress other groups and enjoy various privileges. A strong clan insured survival and prosperity, and this was the reason why an abundance of male descendants became the ideal of life among the Formosan Chinese. This [161] may account for the enormous rate of natural growth of Formosa's population which is still going on unabated. On the other hand, for defense against raids of aborigines and pirates, even the influential clan had to get the co-operation of other people. This led to territorial consolidation within the village.

In addition to training, Boy Scouts in Formosa render social service by contributing radios and books to the armed forces and by such services as maintaining order in public meetings.[15]

B. Education of Overseas Chinese

Education of overseas Chinese is under the charge of the Ministry of Education. It is undertaken on the premise that overseas Chinese support the government of their motherland and wish to preserve their traditional culture. Chinese Communists are now making a tremendous effort to indoctrinate overseas Chinese and to attract them to study on the Mainland.

There are about 2,338 primary and secondary schools[16] of overseas Chinese over the world, more than 90 per cent of which are in Southeast Asia. The ministry supplies textbooks to 1,817 of these schools and also distributes periodicals and books intended to familiarize the Chinese with Chinese culture and institutions. The ministry plans to establish a university in Formosa for overseas Chinese; in the meantime, the National Middle School for Overseas Chinese, with an enrollment of 200 students from Vietnam, Korea, and other countries began instruction on October 21, 1955.

The ministry has continually helped the overseas students by assigning them to various

15. Ibid.
16. Asia Foundation Bulletin, Aug. 5, 1955.

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•648 schools on the island, assisting them in finding part-time employment, and offering them counseling while at school. It is reported that, during 1951-54, there were 2,350 overseas Chinese attending colleges and universities in Formosa through the encouragement of the ministry.[17] About one-fourth attended National Taiwan University.

An Overseas-Chinese Teachers' Department is being established at the Provincial Normal University, where 50 teachers, to be selected from middle schools of overseas Chinese, are to complete a two-year training program.

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17. Ibid., May 31, 1955.

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362 buildings as sites for temporary huts and shacks. Lack of building material, adequate lighting and toilet facilities, and proper water supply created many crowded and unsanitary slum areas in large cities. This situation has been steadily meliorated in the last five years as Formosa's economic rehabilitation progressed and personal income rose. However, some shacks and huts, somewhat refurbished and assuming an air of permanence, are still found in the cities. Typical of them are the shelters on Chungua Road alongside the railroad in Taipei. They are built of old bricks, thin boards, corrugated iron, and bamboo. In some extreme cases, one room no bigger than 9 by 15 feet serves the living needs of as many as twenty people -- from cooking and dining to sleeping in shelves along the walls.[6] The congestion, poor lighting, inadequate ventilation, dampness, and smoke create the worst imaginable sanitary conditions.

362 H18 To relieve the crowding and improve living conditions, several housing programs have been launched through the cooperation of the government, U. S. Aid agencies, and the dwellers concerned. In Keelung, where hundreds of dockworkers' families had lived in sheds and empty crates, 102 new houses were built in 1954 under the Keelung Harbor Docks' Self-Help Housing Program. The program was implemented technically and financially by the Mutual Security

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6. Mutual Security Mission to China, Foreign Operations Administration, Housing, (unpublished pamphlet), Taipei, 1954, p. 1.

45:St anford U. S-4, 5 1956 AD 1 Formosa
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Mission to China (MSMC) in cooperation with the Dockworkers' Union and the Keelung Harbor Bureau. The occupants of the new housing contributed 60 days of unskilled labor for its construction, and are now making amortization payments of 15 per cent of their monthly family incomes, so that in less than ten years they will own the houses they now occupy. The houses are built of cinder-blocks and reinforced concrete, and each provides 288 square feet of living space partitioned into two bedrooms, a living room, kitchen, and toilet. The building cost of a house, including the installation of electricity and running water, is about US$400.[7] The Keelung idea has been extended to Kaohsiung Harbor dockers in the South, and to salt-field and mine workers. More than 295 houses were being built in late 1954 for those three groups of workers.

In the meantime, the MSMC is giving technical assistance and providing a long term loan at low interest to implement the work of the National Housing Program Working Group, currently the National Housing Committee (NHC) of the Chinese Government. The Committee administers the national housing program and undertakes such responsibilities as arranging long-term, low-interest loans for housing investment, promoting self-help building for which the government supplies equipment and technical information, and encouraging cooperative housing programs, etc. Under the auspices of the committee, a National Housing Exhibition featuring 52 selected, low-cost housing

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7. Ibid., p. 4.

designs -- actually built -- was opened in October 1955 in Taipei.[8] The model houses are built of reinforced concrete, kiln brick wall, cement or brick floor, new style tile roof, and are equipped with electricity and running water. The houses range from four-to seven-room units. The best and most expensive type of design provides for a living room, three bedrooms, a kitchen, a dining room, and a bathroom equipped with flush-toilet -- rarely found in Formosan homes. It is believed that the self-help, low-cost housing program as well as the efforts of NHC will go a long way toward improving housing conditions in Formosa.

II. ENVIRONMENTAL SANITATION

A. General Sanitary Conditions

Climate and economic conditions are the main determinants of the living environment of the Formosan people. Although sanitation is being constantly improved, it is still far from adequate and, with the housing situation, presents a most serious problem in the field of public health. The long summers, relatively warm weather throughout the year, and usually abundant rainfall, provide conditions favorable to the spread of communicable diseases. The rapid increase of population, especially in urban areas, unmatched by proportionate expansion of housing, public sanitation, and fresh water supply facilities has created such new problems as congestion in living quarters, lack of sufficient water, and shortage of public toilets. These conditions aggravate the previously existing situation of poor housing, drainage systems, and waste-disposal facilities.

8. Chung-yang Jih-pao [Central Daily News], Oct. 17, 1950.

874 degree requires seven years of work -- three in pre-medical courses at the College of Sciences and four in specialized studies at the school. In the 1954-55 school year, the school had 175 pre-med students and 361 medical students, 66 of them studying pharmacy. The National Defense Medical College trains doctors and medical technicians for the armed forces. The private Takau Medical College, recently established, has an enrollment of 61 students. It admits graduates of senior middle schools for six years of professional education in general medicine, dentistry, and pharmacy. The National Army Defense Nursing Schools offers nursing diplomas and bachelor degrees in nursing. For the degree, graduation from a senior middle school is required for admission to a four-year course. The Provincial Technical School of Nursing, established in 1953, gives training in nursing education. It admits about forty students yearly.[22] In addition, there are four provincial nursing schools which offer courses in nursing only; two of the schools are at Taipei, one at Tainan, and the other at Taichung. The Provincial Taipei School of Nursing is the only institution on the island that maintains four-year diploma programs in nursing and midwifery.

874 648 In addition to recently expanding its medical facilities, the NTU School of Medicine has made progress in medical education through a United States two-way technical assistance group. Under

22. The statistics in this paragraph are from the Department of Education, Taiwan Provincial Government, T'ai-wan-sheng Chiao-yü T'ung-chi, [Statistics of Education in Taiwan Province, School Year 1954], Taipei, 1955, Tables 10, 18, and 21.

874 the program, key local faculty members are sent
649 to the United States for training, and United States medical consultants are sent to the NTU School of Medicine for short periods to teach and to assist in the revision of curriculum and teaching methods. In co-operation with Duke University 32 man-months of United States consultant work at the school was scheduled for the fiscal year 1955 and 36 man-months for fiscal 1956. With the help of these and other U.S. technical assistance consultants, much of the school's curriculum has already been completely revised along modern lines. It is expected that the personnel of the school now receiving training in the United States will eventually take over the work of incorporating new medical knowledge and teaching methods into the curriculum. Recent improvement of school facilities includes the renovation of all key buildings and the establishment of a clinical pathology laboratory and a completely equipped therapeutic and diagnostic X-ray building at the NTU Hospital.[23]

874 A nursing program has been developed to provide more nurses by establishing new schools and to improve the existing training of personnel by short training courses as well as education abroad. A new program at NTU to provide college-level

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23. Mutual Security Mission to China, International Co-operation Administration, op. cit., pp. 3-4.

701 to military call. Up to now, 90,000 Formosans have been drafted into the army to replace aging Nationalist veterans.[16]

•648 642 It seems clear that the Formosans do not have much sympathy for the Communists, although they realize that there is little prospect of their island becoming really independent. They also realize that, as more and more of them are being absorbed into the government and as the Mainlanders are aging, it is only a matter of time before they will win full control of the island.[17] They may differ with the Government in regard to its policy of liberating the Mainland, but they take comfort in President Chiang's assurance that it would not take place yet for some years. As more and more Formosans are inducted into the armed forces, more changes will take place in the Nationalist overall policy for the island. The principal aspirations of the Formosans at this moment are: more self-government, greater freedom of expression, and greater economic security. Their immediate apprehension is a runaway inflation. They are fearful that the Nationalist Government might plunge the island into bankruptcy, as it did on the Mainland in the years following the war, paving the way for Communist conquest.

16, Time, op. cit., p. 34. 72,000 young Formosans were drafted from February to July 1955.

17. Manchester Guardian, Vol. 78, No. 13, Sept. 29, 1955, p. 14.

III. ATTITUDE OF THE MAINLANDERS

648 The Mainlanders are different from the native Formosans in that most of them own property and many of them have a part of their immediate family on the Mainland. They regard their stay in Formosa as temporary. They came to the island with the same implicit faith in the future as that which induced them to evacuate the coastal provinces during the Japanese invasion. They believe that western democracy and Communist cannot coexist for long. Sooner or later showndown fights will occur. They know full well that the Nationalist forces are not strong enough for a full-scale assault on the continent, but they do not despair. It was their strong determination that tided them over the darkest days of war against Japan before Pearl Harbor. The Communist regime will crumble as a result of its own weaknesses, or the Western democracies will be compelled to take drastic action against it. Somehow their dream of returning to the Mainland will come true. It goes without saying that they are one hundred per cent behind the Nationalist government. Unlike the native Formosans, they are prepared to sacrifice their personal freedom for the time being if by doing so their hope of returning to the Mainland will be realized.

When the Mainlanders migrated to Formosa, they had just gone through a long war with Japan. They were bitter toward anyone who had collaborated with the Japanese. They did not realize that

the Formosans, unlike the willing collaborators on the Mainland, were in a different position. The Formosan Chinese were forced by circumstance to accept Japanese education and to carry out Japanese orders. At any rate, the unwarranted prejudice of the Mainlanders for the Formosans created a rift between them, and it was the cause of the February 28, 1947 incident. But time has healed such a breach. Meanwhile the Chinese language has replaced Japanese as a medium of education and communication. Some Mainlanders have learned the local dialects, while many Formosans have quickly taken up Kuo-yü, the Chinese national spoken language. Practically every trace of Japanese influence has been eradicated. The lines of distinction between the Mainlanders and Formosans gradually fades away, and, in the course of time, it will disappear totally, especially since so many inter-marriages have taken place. According to the statistics of the Provincial Department of Civil Affairs, [18] the sex ratio of Mainlanders in Formosa in 1952 was 146 males to every 100 females, and the predominance of the former was even greater between the ages of 25 to 55. This figure has not taken into account of 750,000 men in the armed forces. Consequently more and more Mainlander bachelors have been married to Formosan girls. In the survey of 6,609 marriages during the early months of 1953 made in five localities, [19] 15 per

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18. Arthur F. Raper, etc., op. cit., pp. 239 and 242.

19. Conducted by F.O.A. Mutual Security Mission to China. Ibid., p. 244.

cent of them involved Mainland men and Formosan women, and 0.3 per cent involved Formosan men and Mainland women. Among the 1790 court marriages in Taipei in 1955, 1074 brides were Formosans and 714 were Mainlanders, while 1709 bridegrooms were mainlanders and only 81 were Formosans.[20] However, the majority of the civilian Mainlander population belong to the higher age group.[21] Most of them are married, but their families were broken up at the time of their exodus to Formosa. The strong attachment of the Chinese individuals to their families and their ancestral homes makes it impossible for them to forget the liberation of the Mainland, however remote such an eventuality may appear. "It was quite obvious to all but the blind and the bigoted that the Nationalists want nothing more than to be back in China and to leave Formosa as a loyal and prosperous province with a liberal degree of local autonomy."[22]

IV. ATTITUDE OF THE ABORIGINES

The aborigines were the victims of ruthless persecution under Japanese rule. The whole aboriginal population was placed under rigid police control. A 316-mile picket line with electrified wire fences and guard houses girdled the districts where the "savages" dwelt. Yet the Japanese failed to subjugate them. As late as 1930, 190

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20. Pan-Asia News Alliance, Taipei, dispatch of Jan. 10, 1956.

21. More than three times as many males as females in the 40-49 group.

22. H. Maclear Bates, Report from Formosa, London, Eyre & Spottiswoode, 1952, p. 120.

605 874 The exact number of personnel belonging to the police force on Formosa is not available. According to the China Handbook for 1954-55, the total police force numbered a little more than 20,000 in 1953. There are two schools devoted to the training of police personnel: the Central Police Academy trains officers, the Taiwan Police Academy trains enlisted men. In 1953, ten officers were selected for advanced training in the United States and Japan.

III. MEASURES AGAINST COMMUNIST ACTIVITIES

668 672 The Communists in Peking see Formosa as a potential threat to their regime in contradistinction to the Chinese people on the Mainland, who look to Formosa in the hope of ultimate emancipation. As long as Formosa remains free, it is a thorn in their flesh. The Nationalist Government may use the island as a staging area in preparation for an attack on the China Mainland, much as the Allies made use of Britain prior to the invasion of Nazi-dominated Europe. In consequence, Communists never relent in their effort to infiltrate into the island.

618 625 The Nationalist Government, alert to the presence of saboteurs and spies, has organized a security network under the direction of Lt. General Chiang Ching-kuo, son of Chiang Kai-shek. The security network is controlled by the

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11. China Handbook 1954-55, Taipei, China Publishing Company, 1954, p. 184.

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625 Files Office (Tzu-liao Shih), attached to the President's Office (Tsung-t'ung Fu). There are security agencies, called investigation and statistics bureaus, in the Ministry of Defense, the Kuomintang, and the Ministry of the Interior (in charge of police). These agencies operate secretly and are known to have made arrests, conducted trials in camera, and even imprisoned and executed political offenders.

Formosa's public security agency is the Peace Preservation Corps, organized in 1949 for the express purpose of maintaining peace and order on the island. Its main objective is to suppress all subversive activities before they can threaten national security. Detachments of the corps are located at strategic points for the protection of railways, bridges, waterworks, power stations, mines, and industrial plants. Mountainous areas are regularly patrolled by members of the corps, and no one is allowed to enter the mountain regions without express permission. The Peace Preservation Corps also regulates all arrivals and departures from the island to prevent smuggling as well as the infiltration of Communist agents.

[635] The governor of Taiwan Province (ex officio) is nominally the commander of the Peace Preservation Corps, but in fact the corps receives orders directly from Chiang Ching-kuo.

In 1950, an underground Communist organization, whose membership included a deputy chief-of-staff, the wife of the general in

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charge of training the new army, and the managing director of the Taiwan Sugar Corporation, was exposed by the Peace Preservation Corps. According to the China Handbook 1954-55, approximately one-hundred espionage cases, involving some 4,500 people, have been uncovered in the past four years.[12] The Pan-Asia Alliance News Agency reported on January 3, 1956 that, according to an official release, Communist agents were most active in Formosa just before the conflict in Korea began, but since the launching of the Counterespionage Campaign in 1950, a number of Communist cells have been discovered. In 1955, two conspiracies were suppressed, although the government report does not give further details. One of these cases may have involved the attempt of Major Kuo T'ing-liang to assassinate President Chiang in May 1955. The case was widely publicized because it resulted in the resignation of General Sun Li-jen, former commander-in-chief of the Nationalist land forces, who had been Kuo's superior for many years.

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In 1951, the Nationalist Government called upon Communists to renounce their affiliation with the Party; in return, they would receive assurance from the government that their life and property would be protected.[13] Several hundred

12. China Handbook, 1954-55, p. 184.

13. Procedures for Communists and Fellow-travelers to Surrender, promulgated on Sept. 16, 1951.

Communists have since surrendered to the government.[14]

The tightness of security control and the severity of punishment have gained for Formosa the unpleasant appellation of a "Police State." It might be true that in proportion to the size of the territory and the population the number of secret service men is unduly large. This will be no surprise if we take into consideration the fact that the security agents of the Nationalist Government formerly patrolled all of China, a territory 160 times larger than the island of Formosa, and that when the continent was overrun by the Communists, the great majority of those security men had to withdraw to Formosa, for they, more than other groups, were most hated by the Communists. Nevertheless, the swarming of secret service men in Formosa has created the impression that everyone on the island is being haunted by the shadow of a Police State.[15] It is also possible that some searches and arrests have been unwarranted. But overcaution is inevitable as Nationalist China is at war with a ruthless and unscrupulous enemy. After all, under martial law, persons endangering the safety of a nation may be sentenced to death

14. China Yearbook, 1953, p.825:203 Communists surrendered between May 1952 and April 1953. China Handbook 1954-55, p.184: "More than 100 Communists gave themselves up in 1953."

15. [see following page]

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or to imprisonment for not less than ten years.

The Nationalist Government has been frequently accused of showing little mercy to its enemies, of "imposing more death sentences than anyone else outside the Iron Curtain."[16] In referring to such criticism, Lih-wu Han, former Minister of Education, explains that the government cannot afford to be other than strict and severe. Extreme penalties are necessary because the safety of the island and its people is at stake. Exposure by the government of Communist espionage clearly indicates the nature and extent of the danger. "The electric plant would have been

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15. "The P. D. (Political Department of the Ministry of Defense) is undermining the Army. Instead of seeing comrades to their right and left, soldiers see political spies marching beside them." Robert S. Elegant, "How Good is Chiang's Army," The Reporter, Vol. 5, No. 13, Dec. 25, 1951, p. 18. "Throughout my stay I was haunted by the shadow of a Police State malevolent in its objectives and far-reaching in its methods." H. Maclear Bate, Report from Formosa, London, Eyre & Spottiswoode, 1952, p. 22.

16. H. Maclear Bate, ibid., p. 49.

625 blown up and water works wrecked if the Com-
649 munists had had their way. The lives of responsible personages would have been in constant danger, too. Then, the risk of internal trouble during a possible invasion from outside would have been very grave."[17] It appears that, in order to save Formosa from Communist domination, rigid government control may not be entirely indefensible.

722 During the past few years, as conditions
698 on the island grew more stable, the Nationalist
693 Government has been taking measures to guard against unwarranted arrest and imprisonment. In a decree issued on January 29, 1951, the Executive Yuan prescribed that public defenders should be provided in the military court to defend persons accused of violating martial law in cases where the minimum punishment would be not less than five years' imprisonment. A spouse, lineal blood relative, collateral blood relative within third degree, or a statutory agent may be present at the trial and testify on behalf of the accused.

722 Since 1949 Formosa has been subject to
698 martial law. Article 8 provides that the following offenses committed in strategic zones may be tried by the military court: (a) offenses against the internal security of the state, (b) against the external security of the state, (c) against public order, (d) against public safety, (e) forgery, counte r feiting of currency, valuable securities, documents, (f) murder or homicide, (g) restraining personal liberty, (h) snatching, robbery, and piracy, (i) intimidation and kidnapping, and (j) malicious mischief. If provisions

17. Lih-wu Han, op. cit., p. 49.

Annex "A," Subparagraph 2e,
Political Background

FOREIGN POLICY

648 On October 10, 1952 the Kuomintang convened a congress of its members in Formosa at which the party formulated the following foreign policy: [1]

> "In a spirit of independence and self-reliance we will uphold the UN charter, promote international justice, and help preserve world peace.
>
> "We will strive to strengthen our relations with all other anti-Communist countries and do our best to bring about solidarity and closer co-operation among the anti-Communist countries in the Pacific.
>
> "In the interests of the fight against Communism, we are willing to co-operate and trade with those countries which, though having no diplomatic relations with us, do not belong to the Communist bloc."

This policy guides Nationalist China in its foreign relations. The government of the Republic of China has consistently supported the activities of the United Nations and participates in all con-

1. Declaration of 7th National Congress of Kuomintang, Oct. 20, 1950.

ferences sponsored by the United Nations and its agencies. Because of financial difficulties Free China withdrew from the International Civil Aviation Organization and the World Health Organization in 1950, and from the Food and Agricultureal Organization in 1951. However, Free China was able to send representatives to the Sixth World Health Conference in 1953 and to the International Civil Aviation Organization in 1954.

When the United Nations resolved to resist the Communist invasion of South Korea, Free China offered troops to join the operations against the North Korean aggressors. Again when the war with the Communists was approaching a critical point in Indo-China and the fall of Dien-Bien-Phu was imminent, Nationalist China expressed readiness to send help to the anti-Communist forces. Although neither of these offers were accepted, Free China cooperated with the United Nations in other ways. The Chinese people on Formosa sent medical personnel and supplies to the South Korean camps, sent packages to the troops and wrote letters to Communist Chinese prisoners of war in Korea urging them to quit the Communist cause. A personal message was broadcast by President Chiang Kai-shek to the prisoners at Cheju Island, expressing his concern for their welfare and exhorting them to stand firm in their choice of freedom. The material support given them by Free China was a factor in the decision of 14,209 Chinese POWs to refuse repatriation

• 648 in spite of Communist coercion.[2] On the day of their release, January 20, 1954, the Nationalist Government sent a team of officers to Korea to escort them to Formosa, where new living quarters -- "freedom villages" -- had been built to accomodate them. Bowing to the general opinion of the United Nations, Nationalist China evacuated Chinese guerrilla forces from the Yunnan-Burma border. These guerrillas had been marauding the Communist border province of Yunnan and had been joined by many refugees who escaped from Communist China. Unable to dislodge them by military means and fearing that Communist China might pursue the guerrillas into Burmese territory, the Burmese government complained to the UN Assembly, which urged Nationalist China to withdraw its forces. Representatives of Burma, Thailand, the United States, and Free China worked out a plan for the evacuation of the guerrillas and the transfer was completed on May 1, 1954.[3]

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2. Some 98 per cent of the Chinese Anti-Communist POW's chose to live in Formosa.

3. A total of 6,526 men and their dependents were brought by plane from the Burma-Yunnan border to Formosa. On May 29, 1954, the commander of the Chinese anti-Communist guerrillas in Burma announced the dissolution of his Headquarters, saying that all troops formerly under his command had been transferred to Formosa.

• 648 Nationalist China has steadfastly resisted the efforts of the Soviet Union to unseat her in the United Nations. As long as Formosa officially represents China in the international organization, the ten million Chinese living in Southeast Asia refuse to co-operate with the Peking regime. Soviet representatives have raised the question of China's representation in successive UN meetings.[4] In 1950, having failed to expel Nationalist China, the Russian representation boycotted the Security Council for seven months.[5] Because of the opposition of the representatives of the United States and South American countries, Russian attempts to force recognition of Red China were thwarted each time by an overwhelming majority.[6]

Unable to replace Free China in the world organization, Russia, however, succeeded in smuggling the Chinese Communist regime into international conferences. The Geneva Conference on Korea and Indo-China in April 1954, the Afro-Asian Conference at Bandung in April 1955, and the current Geneva Conference on the ambassadorial level are the results of Communist endeavors to override the legitimate government of China.

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4. Up to the end of 1954, Soviet Russia had raised the subject of Chinese representation in UN Gen"l Assembly and other international gatherings not less than one hundred and eighty times. Chung-hua Nien-pao [China Annual], 1954, Vol.1, Taipei, China News Press, Feb.1955, p.10.

5. Russian representative, Jacob Malik, walked out of the Security Council on January

[continued next page]

•648 The National Assembly at its second session on March 25, 1954 declared that "the government and people of the Republic of China will never recognize any international conference without the concurrence of the Chinese government." The foreign minister, George K. C. Yeh, also issued the following statement: "The Chinese Government has no intention of participating in any conference to which the Chinese Communist aggressors will be invited. The Chinese Government and people cannot recognize the validity of any decision affecting their interest which may be reached at such a conference."

The enmies of Nationalist China in the United Nations are not confined to Soviet Russia and its satellites; recently, another group of nations, the so-called neutrality bloc, dominated by India, proposed the recognition of two Chinas and the admittance of eighteen nations into the United Nations. If two Chinas were recognized by the United Nations, Nationalist China would be completely overshadowed by the Communist regime, since Red China is the stronger of the two. It would be tantamount to the replacement of Nationalist China by a Communist regime. In a public address, President Chiang Kai-shek

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5. [continued] 13, 1950, and did not return until August 1, when he was to assume the presidency of the council.

6. Forty-four nations in the UN General Assembly voted in favor of Nationalist China, eleven opposed, and six abstained in September 1955.

condemned the idea of two Chinas.[7] He cited an old Chinese proverb: "The loyal and the traitorous cannot co-exist." In view of the avowed policy of the Nationalist Government not to sit at the same conference table with the Communists, it seems certain that Nationalist China will withdraw from the United Nations if Communist China should be admitted.[8]

The question of the simultaneous admission of eighteen new members into the United Nations disturbed the representatives of Free China. Practically all of the member nations, with the exception of Nationalist China and Cuba, endorsed the deal. The United States, which has previously voiced strong objection to the admission of Outer Mongolia, reversed her position before the resolution came to the floor of the General Assembly. Among the proposed members, Nationalist China would have four friends -- Ireland, Italy, Spain, and Portugal. But eight others -- Albania, Bulgaria, Hungary, Roumania, Nepal, Ceylon, Finland, and Outer Mongolia -- would certainly side with the Soviet Union if the subject of admitting

7. Address by President Chiang Kai-shek on the International Situation on February 8, 1955. English translation appears in Free China Review, Taipei, Vol. 5, No. 3, March 1955.

8. The International News Agency reported on December 26, 1955 from Washington, D. C., that the idea of an independent Formosa has made some progress in the diplomatic world.

648 Red China should be broached at the next session. If Outer Mongolia, a Soviet puppet state "with few, if any, outward appearances of nationhood," [9] and a participant in the aggression in Korea, should be recognized as a full sovereign nation and granted membership in the UN, the admission of Communist China into the UN would follow. However, if Nationalist China should exercise her veto which had not been used before, [10] the government would risk offending many prospective members, whose friendship it did not wish to lose. The resolution was passed by the General Assembly of the United Nations by an overwhelming majority. When the resolution came before the Security Council, the Nationalist Government, fearing that a reversal of its position might affect the morale of people on Formosa and the overseas Chinese, vetoed the entry of Outer Mongolia. In reprisal, Soviet Russia barred admission of Japan into the UN, as Japan had warned Nationalist China the Russians were likely to do. The most influential Japanese newspaper, the Yomiuri Daily, on December 7, 1955, went so far as to say that Nationalist China would be "digging her own grave," should the government

9. Time, Vol. LXVI, No. 26, Dec. 26, 1955, p. 16.

10. Soviet Russia was responsible for 77 of a total of 80 vetoes cast by the permanent members of the UN Security Council.

oppose the entrance of Outer Mongolia. The repercussions of this event upon the future of Nationalist China may be far-reaching. In spite of the exclusion of Outer Mongolia, the Soviet bloc in the United Nations increased from five to nine members. To the Afro-Asian bloc, often hostile to Nationalist China, six new members were added. Japan threatened to reconsider her trading policy with Formosa but has since commenced renegotiations in Taipei.[11] Other members also expressed resentment at Nationalist China fordefying the General Assembly.[12] What consequence this turn of history will have upon

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11. Japan is the largest consumer of Formosan sugar, rice, and pineapple, amounting to more than 50 per cent of the total volume of Formosa's foreign trade in 1954. UP correspondent William Miller report on Dec. 27, 1955, from Taipei, "that unconfirmed reports here said Japan has considered not renewing her trade agreement with the Nationalist Chinese after its expiration date next March." On Jan. 2, 1956, Premier Hatoyama of Japan announced that in view of the close diplomatic relations between Japan and Communist China, he had no objection to paying a visit to Peking. Asahi Daily, Jan.3, 1956, p. 1.

12. French Premier Edgar Faure said in a campaign speech on Dec.26, 1955: "Look at the membership veto just made in the United Nations. Is it realistic to consider that China is still represented by Formosa?" United Press, Paris, Dec. 27, 1955.

the position of Nationalist China will be revealed when the United Nations reconvenes in 1956.

Free China on Formosa at present maintains diplomatic missions in Argentina, Australia, Belgium, Bolivia, Brazil, Canada, Chile, Colombia Costa Rica, Cuba, the Dominican Republic, Ecuador, Egypt, France, Greece, Honduras, the Holy See, Iran, Iraq, Italy, Japan, Korea, Luxembourg, Mexico, New Zealand, Panama, Peru, the Philippines, Portugal, San Salvador, South Africa, Spain Thailand, Turkey, the United States of America, and Venezuela.

Diplomatic representation will soon be exchanged with Vietnam. Free China is also seeking to establish diplomatic relations with West Germany, Iceland, Laos, and Cambodia. Negotiations for a military alliance with Korea and Vietnam are pending.[13] Great Britain, in spite of the fact that she has recognized the Peking regime, maintains a consulate in Taipei to look after her commercial interests.[14] Formosa is also trading with the Netherlands and Burma, although neither country maintains diplomatic relations with Nationalist China. On the other hand, Communist

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13. Negotiations to resume diplomatic relations with West Germany have not been successful, because the latter covets trade with Communist China. Central Daily News, Taipei, Oct.22, 1955.

14. According to reports of the Inspector of Customs, Formosa's trade with Great Britain, Hong Kong, and Singapore totalled NT$401,000,000 in 1954;trade with the United States was NT$ 380,800,000 in the same year.

China has offered lucrative trade agreements to many countries on friendly terms with the Nationalist Government. Each of the nations attending the first Afro-Asian Conference at Bandung received an invitation to visit Peking. It appears possible that Egypt will shift diplomatic relations from Nationalist China to the Communist regime. A trade agreement between Egypt and Communist China to exchange small arms for cotton has been consummated. The next Afro-Asian Conference is scheduled in Cairo in May 1956. Egypt will play host to the Peking regime. The presence of the diplomatic representative of Nationalist China may create problems if Egypt maintains its status quo.

The main efforts of Nationalist Chinese diplomacy are directed toward the formation of anti-Communist alliances in the Pacific. In July 1949, during a visit to President Quirino, President Chiang Kai-shek proposed a closer collaboration between Free China and the Philippines against the Communist menace. In a joint statement on July 11, 1949, they declared that the Far Western countries "should at once organize themselves into a union for the purpose of achieving solidarity and mutual assistance to contain and counteract that common threat." Following his Philippine visit, President Chiang went to South Korea. On August 8, 1949, together with President Syngman Rhee, a joint appeal was issued to President Quirino to convene a conference for the purpose of organizing an anti-Communist alliance in the Pacific. Both the

British and American governments were cool toward the idea of forming a military alliance. The conference in May 1950 held at Baguio and attended by representatives from Thailand, Australia, India, Pakistan, Ceylon, Indonesia, and the Philippines, changed its objective to economic and cultural co-operation. Nationalist China and South Korea declined to take part, and the conference concluded without being able to report any substantial achievement.

The invasion of South Korea began on June 25, 1950. Nationalist China immediately offered to dispatch 33,000 troops, but the offer was rejected by the United Nations. President Truman ordered the Seventh Fleet to neutralize the Formosa Strait.[15] As the Communist menace in the Pacific became more manifest, the United States concluded a series of bilateral security pacts with the Philippines, Australia, New Zealand, Japan, and South Korea. Nationalist China was not included nor was she included in the Southeast Asia Treaty Organization. Nationalists feared that the United States might yield to the

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15. On January 6, 1950, President Truman, in a public statement, declared: "The United States will not pursue a course which will lead to involvement in the civic conflict in China. Similarly, the U.S. Government will not provide military aid to the Chinese forces on Formosa."

pressure of Great Britain and the other powers and use Formosa as the price for peace in the Pacific. In December 1953, Nationalist China proposed a security treaty with the United States. The Sino-American Mutual Defense Treaty was signed on December 2, 1954 after a year's negotiation. This treaty forges the last link in "the island chain of the Western Pacific that constitutes, for the United States and other free nations, the geographical backbone of their security structure in that ocean."[16] In a subsequent exchange of notes, Nationalist China promised not to embark on offensive military operations, or to remove military supplies and equipment from the Formosan area, without agreement of the United States.

There is no question that the Sino-American Mutual Defense Treaty has had great value in stabilization of the present position of Formosa. The people on Formosa have complete confidence in the military power of the United States; the United States made it known that it would tolerate no interference from the Communists in the evacuation of military personnel and civilians from the island, and the Communists avoided that area during the evacuation.

There are, however, two factors making for uncertainty in the Sino-American Mutual Defense Treaty. First, Article 10 provides that the treaty may be terminated by either contracting

16. President Eisenhower's message to the U. S. Congress on the Formosan situation, January 24, 1955.

power on one year's notice. Although similar provisions are found in treaties the United States has signed with Korea and the Philippines, the people on Formosa are apprehensive that a change in the world situation may cause the United States to abandon the determination to defend Formosa. Since the treaty does not specify a set duration, the United States is free to annul responsibility on comparatively short notice. Secondly, Article 6 states that the territories covered by the treaty are confined to Taiwan and the Pescadores; any extension of the coverage must be made by separate agreement. Although Public Law 4 enacted by the Congress on February 7, 1955 authorized the President of the United States to use armed forces wherever necessary to ensure the security of Taiwan and the Pescadores, the defense of offshore islands, namely Quemoy and the Matsus, is not specifically mentioned. The intention of the United States have never been clarified.

The importance of these offshore islands to Free China is not sufficiently understood abroad. Quemoy and the Matsus are used to block the ports of Foochow and Amoy and harass Red China's coastal trade and they can be used as advance posts in preparation for the invasion of the Mainland. As long as they are retained by the Nationalist Government, the possibility of the liberation of the Mainland is kept alive. The loss

of these islands would be a serious blow to the prestige of Chiang Kai-shek's government on Formosa. Chiang Ching-kuo, in answer to a question about Quemoy and the Matsus, said: "The most important thing, the thing that really means life or death to us, is the morale on Taiwan. If we lost the offshore islands, our morale -- the soldiers' and also the people's -- would be very, very low. Our people on the Mainland would feel frustration, and they would begin to believe there is no hope for their liberation."[17]

Moreover, if the islands should fall into Communist hands they would form convenient stepping stones to the Pescadores and Formosa. Their loss would attest to the superior striking power of the Communists and would immediately arouse widespread apprehension on Formosa. It is therefore understandable why Nationalist China attaches great importance to the defense of Quemoy and the Matsu islands, and fervently hopes that the United States will never be a party to the surrender of these strategic outposts to Communism.[18]

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17. Robert P. Martin, "Here's how Chiang's Son Plans to Win Back China," U. S. News, Vol.39, No.23, Dec.2, 1955, p.90.

18. In a press conference on Feb. 14, 1955, President Chiang Kai-shek declared that it was the generally accepted opinion by qualified military experts that defense of Kinmen (Quemoy) and Matsu was essential to the defense of Taiwan and Penghu. Free China Review, Vol.5,No.3, March 1955, p. 57.

45:Stanford U. S-4, 5 1956 AD1 Formosa
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Under the Japanese from 1895 to 1945, the economy of Formosa was geared entirely to that of the colonial power. The island was developed as a major source of foodstuffs to feed the rapidly growing population of Japan. All possible arable land was brought under cultivation. The production of rice more than doubled between 1905 and 1935; the sugar crop tripled between 1910 and 1940.[4] Great strides were made in modernizing communications and transportation throughout the island, including the construction of a network of railways and roads. After 1937, some effort was directed toward the industrialization of the island. Factories were built, electric power developed, highways and railways improved, and harbors enlarged. A number of large plants were established to use the raw materials of Southeast Asia in the production of semi-finished goods to supply Japanese industry. The chief emphasis was on metals and chemicals. No attempt was made to achieve industrial self-sufficiency on the island. Fertilizer and textiles, two of the most important industrial products in an agrarian economy were totally neglected.

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4. Norton S. Ginsburg, Economic Resources and Development of Formosa, New York, Institute of Pacific Relations, 1953, p. 24.

[178] Economic dependency on Japan was accentuated
• 648 by the employment of only Japanese in both
439 technical and managerial positions. From the beginning of the Japanese control, trade was confined almost exclusively to territories within the Japanese empire and managed for the most part by Japanese personnel. Japan took between 90 and 95 per cent of Formosa's exports and supplied 85 to 90 per cent of the island's imports. Some sugar and coal were shipped to China, and small quantities of tea and camphor were sent to the United States.
648 Banking and currency were linked to the
454 Japanese system, and all capital investment was controlled by the Japanese.[5] "Every year, for at least fifteen years previous to the war, Japan is believed to have gained directly 150 million yen from her investments in Taiwan, and for the fifteen years before that lesser but still significant sums".[6]

648 Some of the Japanese industrial projects
727 were never completed. Others wer destroyed

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5. By 1939, 90% of all the capital invested in the island was held either by the Japanese government or Japanese nationals; the remaining 10% held by Formosans was mostly invested in small shops. Taiwan, A Geographical Appreciation, Ottawa, Department of Mines and Technical Surveys, Government of Canaca, 1952, p. 16.

6. Ginsburg, op. cit., p. 25.

45:Stanford U: S-4, 5 1956 AD1 Formosa
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or severely damaged by Allied bombing during World War II. Further depreciation and deterioration of Japanese installations were caused during and immediately after the war by typhoons and floods coupled with lack of maintenance and repair. Even the railway system, the principal means of freight and passenger transportation, was capable of handling only a fraction of the freight and passenger demand. "Rails were worn thin, one-third of the cross ties were rotten, rolling stock was seriously depleted or in need of complete overhaul."[7] The war and the repatriation of Japanese nationals afterward also caused disruption of rural services in credit collection, processing, and marketing of farm produce. Due to a scarcity of imported fertilizers, production of the two principal cash crops, sugar and rice, dwindled considerably. The production of rice fell from 1,100,000 metric tons in 1943 to 600,000 metric tons in 1945 and sugar production dropped from 1,022,000 metric tons in 1942-43

7. "Economic Progress on Formosa" Chinese-American Economic Co-operation, pub. by Mutual Security Agency Mission to China, Taipei, Vol. 1, No. 2., Feb. 1952, p. 12.

185 First of all, the presence of President Chiang
458 Kai-shek strengthened the political stability of the island. Then the arrival of technical and experienced personnel and capital equipment from the Mainland greatly facilitated the island's economic rehabilitation. With the gold evacuated from the Central Bank of China at Shanghai, the Nationalist Government was able to institute currency reform. Steps were immediately taken to increase the production of food-stuff, and a program was initiated to relieve the Formosan farmers' burden of high rents and high taxes. Taxation was simplified by discontinuing numerous special levies. To insure the cultivator a fair share of his crop, a land reform program was undertaken. Land rents were cut from their previously usurious rate of about 60 per cent of the main crop to a maximum of 37.5 per cent. A limit was set on the ownership of tenanted land. Any land holding in excess of the stated limit was bought by the government and resold to the tenant.

•648 In 1950 economic improvement quickened. At the outbreak of the Korean conflict, the United States government assigned the Seventh Fleet to patrol duty in the Formosa Strait. Fear of Communist invasion, which had been the underlying cause of the constant flight of capital, was dispelled. Public confidence was further enhanced by the revival of American economic assistance in June of the same

• 648 year.[9] The aid program permitted prompt and substantial importation of fertilizer, the repair and rebuilding of basic industries, and the rehabilitation and improvement of communication facilities. Since 1950 the United States government has made special annual appropriations for extending aid to China.

American aid to China has three basic objectives: (1) To help achieve economic stability on Formosa; (2) To support military defense; and (3) To improve Formosa's economic productive capacity for self-support.[10] To implement these objectives, the U. S. Foreign Operations Administration (FOA), now the International Co-operation Administration (ICA), maintains a Mutual Security Mission to China (MSMC) in Taipei. The mission to China, through its commodity program, finances the importation of essential commodities such as fertilizer, cotton, soybean, wheat and flour, rubber, metals and machines, and petroleum products to meet

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9. The U.S. Foreign Economic Assistance Act signed by President Truman on June 5, 1950 authorized a program of economic assistance "in any place in China and in the general area of China which the President of the United States of America deems to be not under Communist control."

10. Office of Information, FOA-MSMC, "A Background Summary of the U.S. Economic Assistance Program in Free China." Chinese

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the immediate needs of both the people and Formosan industry. MSMC also supplies urgently required replacement parts and materials for the restoration and development of basic industries and public utilities. The proceeds from sales of American aid commodities are deposited in a special account with the Bank of Taiwan. By agreement, the government of China deposits in Chinese currency an amount equivalent to the cost of the American commodities. These deposits, called the counterpart fund, are used to carry out FOA-approved projects, to meet the expenses of aid agencies, to help the Chinese government reduce its budgetary deficits, and to promote production by extending loans to public and private industries. To administer this fund the Chinese government has established within the cabinet an agency called the Council for United States Aid (CUSA), of which the Chinese premier is the chairman ex-officio.

The mission to China also provides technical assistance to public and private enterprises on Formosa. Under a MSA- and MSMC-financed contract between J.G.

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10. (continued) American Economic Co-operation, Taipei, Feb. 1955, p. 1.

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White Engineering Corporation of New York and the Chinese Government, six to nine consulting engineers are retained in Formosa to render technical advice in industrial reconstruction. The objective of the industrial program is to make Formosa self-supporting by fully utilizing its natural resources and developing its existing industrial facilities. Among the island's assets are its potential hydro-electric power, the mineral and forest resources, an industrious population, and the industrial base laid by the Japanese. In the past five years a series of specific projects designed to develop basic industries, electric power, transportation, mining, and fertilizer manufacturing have been carried out. MSMC also renders financial assistance to various projects in social fields, such as public health, education, and public administration. It pays the Public Administration Service of Chicago, which has been retained to make studies and develop plans for improvement in these areas. Under the technical assistance program, a number of Chinese technicians have been sent to the United States and Japan for advanced training and observation.

The greatest achievement of American economic assistance is undoubtedly in the rural program, which affects directly or indirectly every phase of rural life on Formosa. Farm produce accounts for 80 per cent of the value of the island's total production, and three-quarters of grainfully employed Formosans

improved crop seeds and animal breeds, and large quantities of insecticides for the control of crop diseases. Help has also been given in expanding and improving irrigation and flood control systems and in promoting soil conservation and reforestation. Through the establishment of health stations and improvement of hospital facilities, JCRR assists government agencies in eradicating malaria, controlling tuberculosis, and improving rural health in general.[11] The practical benefits of JCRR activities to the farm households are widespread and evident, and the above-mentioned improvements have been accomplished with relatively little money.

With American aid, substantial progress in economic reconstruction has been achieved in the past five years. Industrial production at the end of 1954 exceeded the peak production under the Japanese by 50 per cent.[12] Electric power has been doubled. Textiles, which were practically non-existent before the war, are now actually overproduced. Rice production in Formosa has been increased

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11. Chinese American Joint Commission on Rural Reconstruction, General Report IV, Taipei, 1954, p. 3.

12. For details, see chapter on Industry.

both in yield per acre and in total amount, so there is at present not only a sufficient supply to feed the increased population, but also a substantial amount for export.

United States aid appropriations for China from 1951 to 1954 was as follows:

1951	US$ 98,034,000
1952	81,479,000
1953	105,503,000
1954	111,821,000
	US$ 396,837,000

In fiscal year 1955, the allotment totaled US$102,000,000, distributed among the following programs:[13]

Military program	US$ 37,000,000
Commodity aid	34,000,000
Industrial construction	28,000,000
Technical assistance	3,000,000
	US$ 102,000,000

From the disorganized and demoralized condition of Formosa in 1949, the joint Chinese

13. As reported by Martin Wong, Secretary-general of the Council for U.S. Aid on Aug. 12, 1955.

178 and American efforts have effected tremendous
● 648 change. However, in spite of steady gains,
433 the economy of Formosa has not achieved
433 complete stability. Industrial and agricultural production is higher than before the war, but because of the tremendous increase in population, per capita production is still below the pre-war level. The Nationalist Government has been able to meet yearly budgetary deficits only by relying on American aid and resorting to the printing press. Forty per cent of the annual imports into Formosa are financed by United States aid. Inflation is steadily mounting. The economic situation would be very grave without United States assiatance.

185 On the avowed basis that "a nation's
433 progress and prosperity cannot be a gift from others, but must be sought through production and reconstruction,"[14] the Nationalist Government formulated a four-year plan for economic reconstruction in 1953. The plan aims at developing the island's economy production to a self-sufficient level. By the time the plan is fully implemented, the government intends that Formosa, without

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14. Report of Premier Chen Cheng (now Vice-President) before the National Assembly, March 4, 1954.

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241 The importance of agriculture to the national
434 economy is made more obvious by the fact that a large percentage of Formosan industries involve the processing and transporting of agricultural commodities. Agriculture products also provide an important source of foreign exchange for the island. In 1953, total
[163] exports amounted to approximately US$130,000,000, of which over 90 per cent was derived from the export of agricultural products.

241 The climate in Formosa is eminently suitable for agricultural production. The tropical and sub-tropical atmosphere and abundant rainfall in most parts of the island encourage the cultivation of rice, sweet potatoes, sugar cane, tea, bananas, and vegetables. Rice cultivation is carried on in all parts of the island; sugar cane, sweet potatoes, and peanut are grown in the central and southern sections; tea is cultivated in the northern districts.

● 648 During the Japanese occupation of
241/ Formosa, the policy of economic development was geared to the economic needs of the Japanese Empire. When a shortage of rice was felt in Japan, rice was produced in

45:Stanford U. S-4, 5 1956 AD1 Formosa
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greater abundance in Formosa. Japan's inability to purchase sugar in the international market was balanced by the great quantity of sugar produced in Formosa. Japan's greatest economic efforts on the island were concentrated upon agricultural production in order to exploit to the full Formosa's agricultural potential.

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C. Production of Sugar Cane

249 Sugar cane is the raw material for
• 648 Formosa's sugar industry. Postwar increase
433 in production is all the more remarkable since in the years before the war the Japanese did all they could to exploit the potentialities of sugar cane production to meet the sugar requirements of Japan proper.

Sugar cane is usually planted in the summer June to September. About a year and a half are required before the cane is ready for harvest. Under the International Sugar Agreement concluded in London in 1953, Formosa is permitted to export 600,000 metric tons of sugar annually. Government policy has been adapted to meet this quota and allow for domestic consumption. Land once used for sugar cane is now being used to produce other products.

D. Production of Wheat

243 Wheat produced on Formosa accounts
433 for less than one per cent of the total value of the island's farm production. For this reason it has been generally believed that Formosa lacks the conditions suitable for

48: Chen E-4 (no date) 1955 AD1 Formosa AD1

people were forced to sell their land cheaply to sugar corporations. The influence of the revolution lead by Dr. Sun Yat-sen on the mainland was also felt. After 1916, the uprisings were suppressed by a forceful police system. Since 1921 the revolts of the aborigines have been largely mitigated.(6) After the 1920's peace was generally preserved in Taiwan, and the resistance of the people changed gradually from revolt by force to organized political and social movements.

Peoples' attitudes are much influenced by peace and war. Disturbances do not give the people the needed security of life and property. They must keep a cautious and watchful attitude at all times. It is impossible to invest the surplus of their production for the extension of their business. They have to exchange the surplus of production for gold and silver, and bury it under the ground for safety. Direct and immediate self-sustainance was their main daily concern, and the idea of future development was unfamiliar to them. This society is appruximataly the same as the "militaristic type of society" defined by Herbert Spencer, and no development can be expected from it. In peace time people need not spend their time and energy defending themselves against thieves and bandits. They can concentrate their strength on their work. They can extend their business and gradually plan for the future. Again, we may use Spencer's definition and classify this state as an "industrial type of society". Once established, its development will be accelerated. In Taiwan, after peace and order were established by the colonial government police system, production was extended, and the population gradually increased.

The various kinds of social change in Taiwan were basically influenced by the colonial policy of Japan. Before World War I the policy was typically colonial. After the war, the spirit of democracy permeated the whole world. In Japan, serious social problems broke out. Democratic and Socialistic movements likewise became widespread. Social movement of the modern type among students and young people broke out in China at about the same time. Under the influence of both China and Japan, political, social, and cultural movements started in Taiwan for the first time around 1920. At first the colonial government tried to suppress them by force, but the current was too strong and the government had to change its policy somewhat. From around 1920, the policy of assimilation was adopted, and there were some improvements in administration. Though the improvement was limited in character, it had a fairly significant effect on Taiwan, and its results were reflected in population data. From 1926 on the system of modern Taiwan was generally molded, and after that date population growth was speeded up.

Japan started her invasion of Manchuria in 1931, intruded in northern China in 1937, and then struck Pearl Harbor in 1941. As the war for expansion was extended, Taiwan was considered a strategic base, and the colonial policy had to change again.

Note 6: Yanaihara, T.: Taiwan under Imperialism. 1929, Tokio, pp. 241-242. Shiomi, T.: "Police System and Economy of Taiwan under Japanese Rule". Quarterly of the Bank of Taiwan. Vol. 5, No. 4, 1953, Taipei, pp. 229-261.

48: Chen E-4 (no date) 1955 ADl Formosa ADl

Hitherto the development of chemical production, heavy industry, and consumer goods industries on Taiwan had declined, but now they were earnestly promoted. This gave another impetus to social change.

8. Elimination of Epidemics

After the occupation of Taiwan, two things troubled the Japanese most: the revolts of the Taiwanese and epidemics. One branch of the Japanese expeditionary army landed on the Pescadores on March 21, 1895. By mid-May, fully 1945 people out of 6,190 were afflicted by cholera, and 1,247 died. Another branch of the expeditionary army landed on Taiwan at about the same time and was also stricken with cholera, malaria, dysentry, typhus, pneumonia, and beri-beri. Only one fifth of the total army was free from illness by the end of September (5: Vol. 2, No. 12). During the early years of the Japanese occupation epidemics spread widely, and thus, elimination of epidemics was the first administrative task for the new rulers of Taiwan.

Plague, cholera, and small-pox were three serious epidemics in Taiwan. Plague broke out in Hongkong in 1894, invaded in Taiwan two years later, and had spread to many places during the next twenty-two years. During this time more than thirty thousand people were inflicted, and twenty-four thousand died. It was wiped out in 1917 (5: Vol. 2, No. 12). The activities of extermination and prevention by police power were conspicuous. They included the isolation of patients, destruction and burning of contaminated houses, extermination of rats, quarantine at sea ports etc. Though the means adopted were harsh and cruel, they were effective. Cholera was not as serious as plague in Taiwan. A greater prevalence of cholera occured in 1902, 1912, 1913, and 1920. After 1921 the preventative arrangements were more or less completed and by the cooperation of the people and the public health system, the occurence of cholera could be closely controlled.

During the early years of Japanese occupation small-pox was a serious problem. With the enforcement of vaccination, it began to decline after 1903. Since then, except for a greater prevalence in 1918–1920, small-pox has not been a menance in Taiwan (5: Vol. 2, No. 12).

Plague was wiped out in 1917. Cholera and small-pox were under control by 1920. Since then there has been no serious problem of epidemics in Taiwan. Incidentally, the cattle pest which ravaged Taiwan from 1896 and killed more than forty thousand head of cattle, was also exterminated in 1920.[7]

Whether or not a society is menaced by epidemic is always a significant social fact. We may say that freedom from epidemics is the first step toward modernization. In Taiwan, the course of this change can be traced in the data of population change. Before 1920 the death rate was high, and it also fluctuated frequently, and the extent of fluctuation was great. This is a sign of the uncertainty of life. In fact, living in a society where epidemics constantly spread, one could not estimate in the morning what would be happen before nightfall. Fatalism, such as shown in the saying "man proposes,

Note 7: Animal Resources of Taiwan, published by the Bank of Taiwan, 1952, p. 172, p. 256.

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175 village life and family relationships, the people of Taiwan retained the heritage of tradition and custom that they had brought from the mainland. These cultural institutions did not succeed so well in maintaining order in Taiwan as in China, for there were new situations to be met and resolved. Chief among these, for example, was the constant arrival of new persons for whom the obligations of a particular locality might not be binding. But once established in Taiwan, there is no evidence that these institutions underwent any major change throughout the 200 years while Manchu authorities ruled the island.

Historical accounts of this period are little but repetitions of the same events. They show a sequence of misrule, intrigue by privileged groups or classes, frequent bloody insurrections, and strife with the aborigines. The island gained a continual atmosphere of violence and unrest. By one important circumstance the disorders were prevented from being an invitation to social change—they were not revolutions, but rebellions. They arose from dissatisfaction with particular persons in the social order—landlords, officials, or members of rival clans or villages—rather than dissatisfaction with the social order itself.[3] As a result, the disorders often served in the end to establish tradition more firmly.

Taiwan under the Japanese

●648 The most decisive event in the history of Taiwan after being opened to Chinese immigration was its annexation into the Japanese Empire. Japan in the 1890's was newly arrived as a nation to compete in Far Eastern political rivalries, and many of its leaders were eager to find areas for its expansion as a respectable colonial power. They magnified a relatively minor incident in Taiwan, together with other grievances, into a pretext for provoking war with China in 1894.[4] It was a brief war of several quick military victories for the Japanese. When peace was negotiated in 1895, they insisted that Taiwan be ceded to them, and in the same year they took possession of

[3] Rebellions were ultimately settled by reasserting the established order, though often not without the use of force in the form of troops. Many of them, however, were actually organized within its framework from the beginning. Much of the disturbance was apparently created by the type of large clan organization found in South China, and by secret societies that were able to develop rivalries on a large scale between formidable groups.

[4] Japanese forces had as early as 1874 made an exploratory expedition to Taiwan, under a similar pretext, that formed the basis for expansionist designs on the island and provided valuable information about its terrain.

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the island and set out to discover the responsibilities and rewards of colonial administration.

Japan embarked on this first colonial venture without having at the outset any very clear idea of what use to make of it. The first few years were taken up in consolidating their control over the population and in deciding what to do with the island. As their experiment progressed, the Japanese began to introduce some profound and subtle changes. Their objectives became clarified, and their policies toward Taiwanese more firm. Gradually they evolved a system of managing affairs in Taiwan that developed into one of the most successful colonial programs in the world. As long as they remained, Taiwan repaid them handsomely for their initial investment of care and expense.

Some of the more important aspects of this program will be discussed in subsequent chapters. Here it is appropriate to establish what were broadly the consequences in terms of population trends, and to discover what sorts of information about Taiwan's people can be gained from the records of this administration. The Japanese rationalized certain parts of Taiwan's agriculture, so that the island produced a substantial surplus of farm commodities each year. They established a strong and efficient government, the first that the island ever had. With a shrewd combination of police force and political guile, they imposed strict public order and penetrated every town and village with a structure of organized control.

They constructed excellent facilities for transportation and communication where there had been none before, founded modern business institutions and commercial centers, promoted some industrial processing of the island's products, rebuilt the major cities, and stamped out the principal epidemic diseases. In short, they transformed Taiwan from a "backward" and neglected land into a thriving region that could regularly export a large share of its agricultural produce. This was a success that would satisfy most of the countries striving for modernization today.

All these material accomplishments of the Japanese in Taiwan are well known. With some justifiable pride, they publicized this side of their rule and compiled an imposing set of statistics to document it. What we propose here is to examine the human side of these developments and to appraise some of its consequences in the

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CHAPTER II

"Economic Development" in Taiwan

RULING TAIWAN was a task that the Japanese approached with high hopes. Because their goals were ambitious, the problems were more formidable than they might have been with a more modest and conventional colonial program. Their officials in Taiwan were the first overseas administrators in the Empire, and felt a responsibility to make the colony appear worth while at home.[1] Whatever their wider aims, their strongest aspirations for the island expressed themselves in energetic economic policies—policies pursued with such determination that they profoundly altered many aspects of Taiwan's economic life. In the course of their administration, Japanese nationals came to look upon enhanced production with a two-fold purpose: to secure profits for certain individuals and groups, and to promote the self-sufficiency and military strength of the Empire.

Here we shall examine the techniques of their economic program, survey its operation, and endeavor to make some appraisal of the accomplishments. A closer view of its significance for the everyday affairs of the population is reserved for the next chapters.

The situation that the Japanese first encountered in Taiwan was one of long-established tradition, in which a small amount of innovation could go a long way. Agriculture was the main source of livelihood for practically all Taiwanese. The particular manner in which farming is organized in Taiwan tends, as it does in most of the Far East, to shield it from the intrusions of the modern world. Under the Manchu regime the Chinese inhabitants of Taiwan had developed farming along the familiar lines of their forebears on the China coast. Farms existed on a local village scale and were operated for local subsistence. Most of any exportable surplus of production was removed from the villages in the form of taxes or rent. What was left became absorbed in the costs of civil disturbance, misgovernment, and expansion of settlement, rather than going toward broadening commercial or other opportunities of the cultivators themselves. Whatever may bring about such a situation, it is one that tends to

[1] Most of the later Japanese publications about Taiwan's future also stressed the island's potentialities as a base for southward expansion of the Empire. The grandeur of these proposals suggests that some of them may have been invented in search of favor for their authors more than in serious expectancy of being carried out.

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the process of capital formation in Taiwan in basically the same way as at home, by prodding the economy at critical points with innovations and developing special social policies to divert the gains from consumption to investment. The success of domestic saving in Taiwan is simply accentuated by the steady flow of commodity shipments to Japan, whereby Taiwan as an enterprise did more than pay its own way.

This success is best summed up in the yearly figures of trade with the outside world. From 1909 on, with the sole exception of 1913, there was an export balance every year in the value of Taiwan's external trade. Most of its entire trade was carried on with Japan—over 90 per cent after 1930 if Manchuria and Korea are included.[5] Related to the total value of exports, the balance amounted to a steady share of about 30 to 40 per cent of all exports to Japan, 25 to 30 per cent of all exports to the entire world, that were not paid for in the form of imports of commodities (see Table 4). It is not proper to infer from these figures that Taiwan occupied a "favorable" position, since apparently the balance was merely carried on the books of a few companies with home offices in Japan. This being the case, such figures probably even understate the amounts taken out.[6]

The Role of Government Policy

By implication, the foregoing account reveals that colonial rule yielded quick and gratifying results in Taiwan. These were not

that they fell for Taiwanese. It does seem certain that on the average they must have risen somewhat, but that they did not move very far one way or the other. Undoubtedly some Taiwanese who took part in the new developments became richer, and many who did not became poorer. Agricultural output per farmer definitely increased, as the next chapter will show. There are figures (see Ch'en Cheng-hsiang, 1950, p. 151) that suggest a slight falling off of rice consumption per person, but they must be computed in a way that weakens their reliability. However, the large additions to Taiwan's economy under the Japanese were the new productive facilities, fixed equipment and market organization, which it is the purpose of this chapter to document. There is no way of showing how these improvements were shared by the Taiwanese, though we know that the Japanese took steps to keep the major shares to themselves.

[5] It is fairer to consolidate the "Yen Bloc" as a whole in computing these balances. To some extent imports from Manchuria and Korea were used to offset the account with Japan; this combined account shows a smaller balance than the account with Japan alone in most years. Separate data for Manchuria were not available in preparing Table 4. Aside from their monetary value on a balance sheet, the articles imported from Manchuria and Korea had a special importance, for they consisted mainly of fertilizers that were indispensable to Taiwanese agriculture.

[6] Grajdanzev (1942), p. 157, claims that the export balance cannot be materially reduced by taking account of hidden items; many of these, such as cash remittances to Japan, would actually increase it.

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achieved through the efforts of private individuals in a free investment market. The Government-General of Taiwan was given a free hand by Tokyo in most internal affairs, and displayed great interest and vigor in regulating all areas of business activity that it could effectively control. A large part in the formation of capital in Taiwan can be attributed to official steps deliberately adopted with this end in view.

On the one hand, these measures consisted of widespread rationalizations in agriculture and large investments providing technical economies to individual farmers; on the other, there were various devices to centralize the heavy investments in large blocs and thereby keep control over the entire venture. The former consisted mainly of improvements that could be initiated and carried out by Japanese without full participation by Taiwanese, and the latter of ways to guide the process and garner the returns. The one served to raise the average productivity of working Taiwanese without depending on them for inception; the other to avoid dissipating the earnings of the colonial enterprise as higher incomes among the Taiwanese, by confining them in the charge of a few Japanese.[5]

Although the Japanese treated their domestic agriculture in much the same way, they made use of their own farmers' earnings in furthering the growth of industry. The fiscal role of rural Taiwan corresponded to that of rural Japan, but in Japan the several lines developed together and were complementary. Fewer opportunities of this nature were exploited in Taiwan, for the complementarities were all external. This is shown in the other side of the picture of trade with Japan—that of imports and their composition. More than half of the value of imports from Japan during later years represented items that were clearly for current consumption.[6] There was surely nothing like the emphasis on heavy capital goods among the remainder that is found in the imports of Japan itself.[7]

Problems of Pacification

This study is concerned as much with broader aspects of organization in economic life as with the economic activities themselves. Thus

[5] One of the organizational devices for diverting this income away from consumption was, as in Japan, to make it flow into corporate rather than individual hands, where its disposition was more easily regulated.

[6] I.e., articles such as food, clothing, paper, beverages, textiles, manufactured consumer commodities, and the like. One suspects that a large part of these went to maintain the comforts of the Japanese living in Taiwan.

[7] For example, see Reubens, Edwin P. (1950), pp. 109-112.

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it is pertinent to examine the stages by which the Japanese spread their influence over business affairs. Before the Japanese occupation, Taiwan was a busy farm area producing chiefly rice and other foodstuffs for itself and neighboring countries. It still held virgin lands that yielded well to the cultivation of Chinese farmers, and was known among Mainland Chinese as one of the few places where fortunes could be made or lost quickly. It was known elsewhere for other features not unrelated to these—foreigners established some renown for the island's production of marketable crops like tea and camphor, as well as for its beautiful scenery and adventure. Some early Taiwanese had always enjoyed years of prosperity, subject to the vicissitudes of weather,[8] warfare among powerful families or with the aborigines, and to the unpredictable greed of officials.

Although agriculture was the mainstay of livelihood, there were the subsidiary pursuits commonly found from place to place in China. Additional opportunities arose in connection with commerce, which was the most flourishing sphere of enterprise. The export trade in the few products shipped abroad was the only spot affected by foreign influence. A small number of Western traders had stayed in Taiwan, arranging for the sale and delivery of the island's produce to the outside world, but the scope of their business operations was limited to buying and shipping. Even tea-growing, which an Englishman had begun, was left entirely to the local population and Chinese middlemen, up to the stage of packing and sending the tea abroad.

The settled portion of the island, often down to the actual appearance of its villages, was a close replica of conditions on the mainland of South China, 100 miles away. The Manchu government adopted policies calculated to restrict rather than encourage any growth or diversification of economic activities. It abhorred the prospect of having the profits of any sponsored enterprise go to foreign merchants, and suffered an incapacity for such sponsorship inherent in its organization.[9] Observers of the period saw little likelihood of change.

Hence Taiwan when the Japanese acquired it was already a granary ready to function as a going concern, but with some impediments to being operated as such. In contrast to both China and Japan, it

[8] These hazards were many and frequent. Lack of systematic attention to irrigation had placed farmers at the mercy of floods, local droughts and destructive hurricanes, and severe earthquakes were common.

[9] This aspect of early political and business affairs in Taiwan is described at great length in Davidson, James W. (1903), Chs. 14, 15, and 17.

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was a newly settled land whose surface still showed little strain of intensive clearing and cultivation, and whose manifest possibilities for wider exploitation in agriculture and other lines had scarcely been tapped. Merely imposing public order and effective political administration could hardly have failed to ensure general prosperity, and the Occidental community at the time contemplated the experiment with great interest.

The new authorities did not leave much room for doubt about their intentions for the economy. Even while engaged in some dissension and maneuver for power between their own civil and military officers, they quickly set about constructing railroads as a state enterprise, reinstituting an official monopoly of camphor (amounting to a world monopoly since Taiwan with Japan was the sole important world producer), nurturing one large company for practical research and experiment in sugar production, reviving the former domestic monopoly of salt, and executing a complete and accurate land survey—Taiwan's first—in order to regulate some of the discordant relations of tenancy among farmers and landlords.

Most of the administrative changes were based on a notorious need for reform of pre-existing practices. But all of these reforms were two-edged. Besides regularizing commercial practices and "correcting abuses," the official monopolies and export associations slowly made it impossible for foreign concerns to remain in operation. The revenues from key lines of business soon became centralized in either the Government-General or corporations explicitly controlled by it. Those relations began to appear between state and business that determined the future course of the fields involved. The land survey furnished a basis for levying a stiff land tax which brought forth a gratifying and dependable flow of revenue into the public treasury and helped to finance later development schemes.

If the overall design of economic expansion had been fixed in the minds of influential Japanese even before they took possession of Taiwan, and to some extent this seems likely, its timetable was not. They did not foresee, for example, that almost ten years of costly and arduous military campaign would be needed to subdue the aborigines and thousands of Taiwanese in the lowlands and foothills who had reverted to banditry. And it became apparent only after many Japanese lives had been forfeited to sickness that this "pacification" of the island had to be accompanied by full-fledged warfare against disease and a general sanitation program, in order that enough

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Japanese government officers could be stationed over the island to establish political order firmly.

This delay in extending their mastery over the whole of Taiwan was a disappointment to the Japanese. It spurred them to concentrate their efforts at organization on measures other than force to bring the inhabitants under control. Once set in motion after some three years' experiment and delay, their methods brought swift results. They encircled and isolated the aboriginal tribes in the hills, and introduced a refinement of old Chinese forms of keeping local order—the so-called *pao-chia* system.[10]

Private Corporations and Japanese Investment

Other measures followed to make the Japanese rule more effective. As the exercise of authority became more a matter of routine, the policy turned more and more to exploring improvements and enlargements of production. This progress in government can be traced in the annals of specific achievements, like the drive to raise rice yields[11] and the public health program. By 1905 the Government-General felt itself well enough established to take a detailed census of the population; the descriptive report of its procedures is the best evidence of a firm degree of control and competence in performing complicated administrative tasks in Taiwan.

For the next 25 years or more, until they began to shift their energies to preparation for World War II, the Japanese proceeded to work out their policies for Taiwan (outside of the Aborigine Territory) with scarcely a serious check.[12] This long interlude between two periods of tight regulation is sometimes known as one of official "liberalism" or laissez-faire toward business affairs. It can be so designated, however, only in contrast to the strictness that preceded and followed. In steady succession the government completed several major projects. It finished the land survey of the entire island, essential to all their later engineering works as well as to the desired

[10] The *pao-chia* system was a scheme for assigning joint responsibility to village and familial groups for the conduct of their members. Its operation and the reasons for its effectiveness are taken up in the following chapter.

[11] Mendiola, N. B. (1949). p. 76 ff.

[12] The Taiwanese efforts at insurrection, as for example recounted in OFNAV, Civil Affairs Handbook (1944). pp. 173-177, tended to be exaggerated by their instigators. Due to their own clumsiness, these were quickly put down by the Japanese, though not without some local disruption. Inside the Aborigine Territory, on the other hand, the Japanese devoted many years of hard fighting and frustration to "pacification," and did not hold the entire island securely until the mid-1920's, nor peacefully until almost 1940.

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"ECONOMIC DEVELOPMENT" IN TAIWAN

Industrial Growth during the War

722 After setting the stage for limited industrialization by their treatment of large business in Taiwan, Japanese leaders after 1940 began actively to move the players. The centralized corporate structure had been expected to be adequate preparation for most of the demands of war. The Government-General made frantic last-minute attempts to expand specific fields in which Japan itself was short, particularly aluminum and coal. But before long the subordination of Taiwan's economy to heavy industry in Japan, which had seemed so satisfactory, turned out to be a source of weakness. Naval losses started to interfere with shipping between Japan and Taiwan. Many of the small but essential items supplied from the home islands (special equipment, replacement parts, fuels, and skills) became unobtainable. Certain large imports such as fertilizer were cut off.

None of these shortages was fundamentally important for the island itself, since food was sufficient for its population and little else had previously been imported. Lack of articles of the first sort did play havoc with some of the new industrial output, and caused much of the equipment to deteriorate. Exports of aluminum and coal slowed down to a trickle by 1944, and practically all shipping to Japan—even rice and sugar—was discontinued early in 1945.[29] By the time of Japan's surrender much of the highly organized economic life had come to a stop, but Taiwan suffered no devastating damage as a result of the war. Agriculture was still conducted as usual, except that without fertilizer and other accustomed capital the yields had fallen off substantially.

Accomplishments of Japanese Colonial Policies

• 648 659 Having described the workings of colonial administration in Taiwan, one should have some idea of its accomplishments before going on to discuss in later chapters its consequences in the lives of the Taiwanese. For this purpose, the abundance of records kept by the Japanese is often a hindrance rather than a help. In general the economic statistics are not up to the standards of the population data. Numerical tables are plentiful, but explanations of what the numbers mean are not. They disagree from source to source, seldom with any reason given for the discrepancies. One must therefore look for summarizing measures, and not for fine detail.

[29] See Cohen, J. (1949), pp. 154-158.

1:Gallin E-4,5 (1957-1958) 1966
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121 167 177 178 eastern part of the mainland to Taiwan had been going on for several hundred years, beginning in the 1600's and virtually ending about 1900 when it was almost completely stopped by the Japanese regime. Throughout the early period and even after the Japanese occupation and administration of the island, the traditional Chinese culture brought over from southeastern China was maintained with little major change.

• 648 179 178 During the Japanese occupation of Taiwan, except for the period just before and during World War II when they attempted to Japanize the island, the government tried deliberately to inhibit fundamental changes in the Chinese culture.[1] As George Barclay (1954b:52) has pointed out, during most of their occupation it was advantageous to Japanese colonialism to maintain the Chinese social and economic order which already existed in Taiwan. It was by means of the traditional Chinese system, which facilitated the maintenance of social control, that Japan was best able to function as a colonial power and to derive the greatest advantage from this area, which soon became an integral economic part of the Japanese empire. Because of this policy of maintaining and utilizing the existing Chinese social and economic system, the fifty years of Japanese rule had limited direct effect on much of the traditional social life of the Taiwanese. This was especially true of the rural agricultural areas of Taiwan, where direct contact with the Japanese was infrequent and where the Japanese had, therefore, limited influence on the cultural level of life. Some superficial changes—religious forms, for example—were in later years forced on the Taiwanese rural people by the Japanese, but they were quickly dropped when Chinese rule was restored at the end of World War II. Today, unlike the situation in the urban centers of Taiwan where Japanese cultural influence was much stronger and is still evident, only few Japanese-introduced traits can be observed in rural Taiwan, and the people attach little importance to them.

However, during the later years of the Japanese period and especially during most of these past two decades under the Nationalist Chinese, the socioeconomic impact on the whole Taiwanese population has been significant. The combination of relatively efficient government, orderliness of life, and public health measures, together with an extensive system of communications on a relatively small island has greatly facilitated rapid population increase on a stable land base and a rapidly increasing growth of urban centers.

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Out of these developments, the most significant changes for the rural population have been the extension of village contacts and involvement with urban centers far beyond the immediate village area, and, with this an increased spread of urban influences or at least their effects into the rural villages. These increasingly significant extensions

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some insights into what is now taking place on the Chinese mainland. For many of the changes now taking place both in Taiwan and on the mainland are primarily due to the same cause—the encroachment of urbanization on a traditionally agrarian culture, whether enforced by the Japanese, the Nationalist Chinese, or the Chinese Communists.

FIELD METHODS AND PROBLEMS

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In the selection of a research site, I looked for a Taiwanese village with several attributes. These were that the inhabitants be of mainland origin, preferably descendants of early emigrants from the province of Fukien; that the village have agriculture as its primary means of livelihood; that it have a moderate-sized population, preferably between five hundred and one thousand inhabitants, to facilitate the achievement of familiarity with most of the people and with all aspects of village cultural life; that it be fairly traditional both culturally and socially and as typical as possible of the general villages in that area; and that housing be available inside the village for me, my wife, and our interpreter. It was also important that the village not be too near a major city, and yet not be geographically or culturally isolated from the main flow of Taiwanese life; it had to be identifiable as a definite community.

And, of course, it was important that the villagers be receptive to having a foreign observer move into the village.

It is no easy task to search for a village in which to carry on research in an unfamiliar country. The island of Taiwan, which on the map appears to be minute, is actually 250 miles long from north to south and 90 miles wide; it has an area of 13.8 thousand square miles.

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At the start of my search, I talked with the staff of the Joint Commission on Rural Reconstruction (JCRR), a Chinese and American agency which plays an important role in rural development in Taiwan. They briefed me on the cultural and geographic areas of rural Taiwan, and we decided that the *hsien* (counties) of Chang-hua, Taichung, and Yun Lin (all on the west-central coastal plain of Taiwan) offered the best possibilities for a suitable village. The next step was to travel by jeep within this area with JCRR field agents to visit many different kinds of villages and make a final choice. The interpreter, whom I hired at that time to live and work with my wife and me in the village, was a companion on these excursions. (For a discussion of translation methods and the use of the interpreter in the field see Appendix I.)

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During the time we were investigating the many villages, we also visited local Farmers' Associations and *hsiang* (district) public offices. We held many long discussions with local officials to get additional

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The Setting

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In any community study there is always the question of where to begin outlining the picture of village life: on what does one focus first? While the question is perhaps just as urgent during the actual fieldwork, in the field it is possible to observe and ask questions on many subjects at the same time and to move from one subject to another in the course of an interview. But in attempting to put the ethnography down on paper, the decision must be made where to begin.

I have chosen to begin this book as I began my fieldwork—with a general picture of village life that will provide a context which can give meaning to particular aspects of village life. This picture will be followed in Chapters 3 and 4 by a description of the village livelihood, although it has perhaps been more common to begin Chinese ethnographies with a discussion of family and kinship (here Chapters 5 and 6). The importance of the economic sphere in Hsin Hsing is explicit in the very purposes of this book as noted in Chapter 1 and the conclusions of Chapter 9; its importance was implicit throughout the fieldwork as it will be throughout this book. We now turn then to the setting of the village so that specific topical chapters which follow will have some contextual meaning.

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Travel to Hsin Hsing village from the capital city, Taipei, is neither easy nor brief. The approximately one hundred and seventeen-mile trip to Chang-hua, the closest major city, must be made mostly by train via the seacoast or by the interior route through Taichung City. This takes about three hours by diesel express or six hours or more by a local train. It is generally possible to find a seat on the diesel express, but on the local trains one must almost always stand a good part of the way.

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Once out of Taipei the countryside is almost all rice paddies and farmland. Even in the mountain area between Taipei and Taichung, terraced rice paddies form a part of the green and lush vegetation typical of Taiwan. The train goes through a series of tunnels in these rugged mountains, and if one happens to be traveling with a Taiwanese companion, he will probably point out that these tunnels, like the railroad lines, were all built during the Japanese occupation.

1:Gallin E-4,5 (1957-1958) 1966
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With the advent of the Japanese in 1895, Lukang very soon lost its importance as a port, for Japan's plans for the colonization of Taiwan did not include maintaining Lukang as a trade and immigration center. The Japanese set about cutting off the movement of people and goods between Taiwan and the mainland, and, to divert the colony's trade from China to Japan, they built the port of Keelung in northern Taiwan (Barclay, 1954b:12, 18–42). The demise of Lukang both as a port and as a major urban center was hastened by the silting up of the harbor, which had begun even before the coming of the Japanese. As a result of Japanese indifference to Lukang as a port, the harbor soon became unusable.

The final blow by which the Japanese doomed Lukang's importance was the routing of the extensive west coast railroad system far from Lukang. The city could then neither be maintained as a major market town nor as a point of trans-shipment for the area's produce. Its decline as an urban center and as an influence on the surrounding area was reflected in an accompanying population decrease from one hundred thousand in the late eighteenth century to fifty-one thousand in 1954 (*Women te Lukang Chen*, 1954). The decrease took place despite the high rate of population growth in the rest of Taiwan.

Today, Lukang stands several miles from the sea, a city much diminished in size and importance. It offers little economic opportunity for its inhabitants, and despite some light industry, few village people are employed there. Nevertheless, although it is now a small, out-of-the-way city, it offers nearby villagers a convenient local marketplace and a center for some entertainment. Most important, it still functions as a religious center. From the earliest times the Chinese immigrants brought their gods with them from the mainland to Taiwan. These gods and goddesses, such as Matsu, became firmly established as important deities in Taiwan; the Matsu temple in Lukang is believed by the people of the area to be the oldest or second oldest Matsu temple on the island. For this reason Lukang is still one of the most important focal points for the religious pilgrimages of those who maintain loyalty to the Goddess Matsu.

The historical picture of this area at the time of the late Ch'ing dynasty comes from data furnished by older or better educated residents of the area and several local Chinese and Japanese gazetteers.[3] These various sources were used, wherever possible, to corroborate one another. The sources note that in the late nineteenth century the area was sparsely populated and that its inhabitants lived in constant fear of bandits. Up to the early part of the twentieth century dry farming produced most of the staples grown, since there was only a very limited system of irrigation. Crops like wheat, soybeans, sorghum, sweet potatoes, peanuts, a plant used to make dye for cloth, and broom grass were

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the main products. Rice growing played little part in the economy. The almost total lack of irrigation, presumably combined with a high mortality rate, prevented any rapid increase in population. There were not even enough people to exploit the land fully.

The present area of Hsin Hsing was at that time the site of only a few scattered households. The inhabitants were so few and so weak, and the bandits so many and so strong, that Hsin Hsing and eleven nearby villages formed a mutual protection association. When a village was attacked by bandits, it sounded large gongs as an alarm signal; the signal was relayed from village to village, and the able-bodied men rushed to the aid of the community under attack. The associated villages still maintain an informal organization today, though its function is now the production of a joint annual religious procession (which will be discussed in Chapter 8).

The coming of the Japanese to Taiwan had major repercussions not only for Lukang but for the Hsin Hsing village area generally. Once their rule was established on the island, the Japanese moved quickly to bring about law and order by suppressing the bandits. They eliminated the lawless element from the countryside and brought new security to the village people.

The Japanese also took in hand the extreme complexities of a tri-level land tenure system of landlords, tenants, and subtenants. (See details in Chapter 4.) In order to establish clear property rights and increase the efficiency of tax assessment and collection, the Japanese carried out extensive land surveys from about 1898. In 1905 the "Land Investigation Regulations" were promulgated; they resulted in a greatly simplified land tenure structure which included only landlords and tenants. This basic system is still in force today. Even in more recent years, although the Land Reform Program of the Chinese Nationalist government modified the internal content of the land tenure structure, its form has remained roughly the same.

At the same time, the Japanese gradually extended the irrigation system to serve much larger areas (see *Pu Yen Chuang Yen Ke Chih*)[4] as part of their effort to integrate the colonial area of Taiwan into the Japanese economy. The development of a major irrigation system enabled the agricultural population to expand its rice production greatly, and this rice ultimately became its major export to the Japanese homeland (Barclay, 1954b:18–42).[5]

The expansion of the irrigation system, accompanied by a greater emphasis on agriculture in the area, occurred at about the time that the main impact of the closing of the port of Lukang began to affect the villagers, who thus lost the opportunity to supplement their livelihood by working in the port. The increased irrigation meant that wet-rice could be planted profitably. Wet-rice production demands a

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greater labor force, and this absorbed the men who had formerly worked in Lukang.

The expanded area of land under cultivation increased the food supply and generally improved the standard of living. In addition, the Japanese introduced some Western public health ideas and new means for controlling disease. Apparently, these factors are closely related to the extensive population growth which then began to take place in Taiwan. The Japanese also improved the primitive communication systems of the area. A major program of electrification and improvement of rail and bus lines was instituted throughout the heavily populated areas of the island.

The material influence of the Japanese occupation and administration of Taiwan was enormous. Not only did Japan create in Taiwan an important element of its colonial empire but in so doing it indirectly began to produce important economic changes which had implications for the development of the rural areas and the island itself. While agriculture provided the major portion of Taiwan's exports to the home country, new, imported commodities also became readily available to the Taiwanese villager at low prices; many inexpensive canned foods became common in the village household. In spite of these changes, the world depression had apparently little effect in the Hsin Hsing area. In fact, few villagers were even aware that there was a world depression in 1929 and in the 1930's, which may be due to the almost total lack of industry in rural Taiwan or in Taiwan generally at that time.

The advent of the Japanese brought a higher standard of living for the Taiwanese people, but the improvements were offset by the war with China in 1937 and, more notably, by the entrance of the United States into the war in 1941. Japan had to muster all its own resources and those of its colonies, and good times soon turned into hard times for the Taiwanese farmer. At first, village men were lured off the land to work at high pay on Japanese construction projects, and others were conscripted to work in Japanese army labor gangs in both Taiwan and in Southeast Asia. Often families were left with only the women, children, and old men to work the land. The supply of artificial fertilizer which had been so important in developing intensive rice cultivation was almost completely cut off. The little food that could be produced under these difficult conditions was usually confiscated by the Japanese authorities to supplement the food supplies in Japan, and villagers were frequently reduced to a diet consisting mostly of sweet potatoes. The gratitude they had felt for the prewar accomplishments of the Japanese was offset by the severity of Japanese rule during the hard war years.

The defeat of the Japanese and the coming of the Chinese National-

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lists brought a change in regime to Taiwan. This is known as the "Restoration." At the outset the Taiwanese people welcomed the change, feeling that the coming of the Chinese represented a reunion with their own "race." With the advent of peace, there was a general return of men to the land. Only one Hsin Hsing villager had been killed in the war in Southeast Asia. The other villagers from Hsin Hsing who had surrendered or been taken as prisoners while working in Japanese labor groups were returned to Taiwan in ships. The return of these men to the land was followed by a general population increase, and in the Hsin Hsing area this quickly aggravated the problem of land scarcity; tenancy became a greater problem than ever before. Families could neither buy nor rent enough land to support themselves adequately, and, in addition, the war period had brought about a significant alteration in local patterns of division of labor. In the absence of the men the women had assumed new roles and responsibilities and had begun to take an active part in the operation of the land. This change was so well established that from about 1948 on it became possible for the men to work elsewhere for periods of varying length to supplement the family's farm income. This was the beginning of a new and ever-increasing trend of mobility to Taipei, a trend not confined to the Hsin Hsing area, although it may have begun there earlier than in most other parts of Taiwan. Some men hired out as farm laborers or worked as itinerant merchants in the area. But it is significant that local industrial development has been so slight that it has offered no economic alternatives to the villagers.

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After 1949, when the movement of the remnants of the Chinese Nationalist forces from the mainland to Taiwan was halted, the regime instituted a new policy of government rule and reform. The Land Reform Acts between 1949 and 1953 were the most important aspect of this policy. The Land Reform, the increased availability of fertilizer, the infusion of great quantities of economic aid from the United States, and the great increase of supplementary income from villagers working in Taipei have all contributed to an apparent rise in the Taiwanese farmer's standard of living. But the basic problem of population pressure and land scarcity continues to worsen, affecting both economic and social aspects of village life.

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LANGUAGE AS AN INDICATION OF HISTORICAL SEQUENCE

In 1958 there were four main languages spoken in Taiwan: Japanese, Taiwanese, Mandarin, and Hakka. The latter three are usually referred to as dialects of Chinese, but since they are not mutually intelligible, they are actually different languages, and will be referred

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to as such. Taiwanese, also called Min-nan *hua*, is a Fukienese language like Amoy. It is spoken by the majority of the people of Taiwan, and, although it is spoken with different accents, the speakers of the different variants can understand each other. The accents vary according to the place of origin of the speaker's ancestors. Regional differences have developed in Taiwan as well, so that the accent of the coastal area where Hsin Hsing is located differs from the accents of Taichung or the mountains.

Hakka, another Chinese language, is spoken by the Hakka people (*k'o jen*, "guest people") who originated in Kwangtung province on the mainland. Because of the minority position of the Hakka in Taiwan, they have often had to learn Taiwanese, although Min-nan speakers seldom learn Hakka. The Hsin Hsing village area has no Hakka speakers, and there has been little or no reason for the people of the region to learn Hakka. They are, however, well aware of the Hakka people and of the differences between their languages.

Mandarin, the third Chinese language, is now the official language of the government, replacing Japanese. Japanese first became important in Taiwan through the school system developed by the former rulers. In the 1920's the Japanese government began to augment Taiwan's school system, and "by 1943, 70 percent of Taiwanese children of legal school age were attending some sort of school" (Barclay, 1954b:68n). A limited number of Taiwanese children, usually those whose parents had some status, attended a special primary school system set up by the colonial government for the Japanese children on the island. Classes in these schools were conducted in Japanese. Most children, however, attended the public primary schools whose classes were "conducted in the local dialect" although the children "were required to learn to read in Japanese" (Riggs, 1952:138). All secondary schools and colleges conducted classes "exclusively in Japanese" (Riggs, 1952:138).

In the rural area some children from wealthy landed families attended school beyond the primary level. Because of their education, they were given official jobs under the Japanese regime and mainly spoke Japanese. Today, these men, like a great many urbanites educated under the Japanese, still speak fluent Japanese. The same men now are working for the Mandarin-speaking Nationalist regime and so usually speak Mandarin. They have rarely had the opportunity to use their native Taiwanese and are often chided for speaking their own language very badly.

Most of the rural people though, who did attend public school, usually did not go beyond the primary school level. Many villagers, and almost all rural women, attended school irregularly or not at all. Among all these villagers then, many learned no more than a few

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words in Japanese, such as expressions to be used when entering the predominantly Japanese-manned police stations and other official places. Some uneducated men, however, learned a modicum of Japanese when they served in the Japanese army labor corps during the war period.

Under the Japanese the teaching of the Chinese written language as well as the traditional Chinese classical literature in the schools was illegal. However, village men tell about a Chinese school "secretly" conducted in a temple in Lukang even through the late 1930's. There children and teenagers were taught to read and write Chinese and to study the Chinese classics. Only a very limited number of people from Hsin Hsing and the neighboring villages attended such schools, and there were few who attended the Chinese school who did not attend the Japanese primary schools as well.

In the Hsin Hsing area, then, except for the few Taiwanese who managed to attend secondary schools or colleges or who were laborers during the war, the number of persons able to read and speak Japanese (or read Chinese) was small. Grajdanzev, mostly on the basis of Japanese sources, noted that "after 1937 five and one half million Chinese (in Taiwan) could not read a newspaper in their own language, though most of them do not know Japanese" (1942:170). The effectiveness of the Japanese educational system for much of the population of the rural area has perhaps been exaggerated. Although the Japanese school system was greatly expanded between 1937 and 1943, it appears that it did not have time to develop any depth in its effect on the peasant.

Under the Nationalist government's theoretically "compulsory" education, almost all students and former students of the present school system can now speak some Mandarin, which is the only language used in the school after the first or second year. Some of the younger middle-aged men have developed a functional knowledge of simple Mandarin as a result of recent work contacts in Taipei or service in the Chinese army.

The language situation in Hsin Hsing and the surrounding rural area is as follows (for 1958): Very young children speak only Taiwanese (Min-nan) up through the first few years of school. Children in higher grades and young people up to the age of about twenty-six speak Mandarin with varying degrees of fluency in addition to their native Taiwanese. Their fluency depends upon the amount of schooling they have had, how long they have been out of school, and the amount of contact they have had with the language at work or in other special situations after leaving school.

Some men and a few women between twenty-four and forty-five speak some Japanese in addition to Taiwanese. The men learned it

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The men learned it either in the Japanese schools or in the Japanese army labor gangs. The caliber of Japanese spoken by this group depends usually on the amount of schooling they had or the amount of their contact with the Japanese. A few men in this age group speak some Mandarin, learned from contact with mainlanders or while working in Taipei or local government offices. They do not speak it fluently in most cases, since they only learned it recently. Very few women in this age group speak Mandarin at all. The age group also contains a small number of Mandarin-speaking mainland Chinese who work in the area in some official capacity.

Few villagers above the age of forty-five speak Japanese or Mandarin unless they learned either language through a government job or contact with the Japanese or mainland Chinese group. Villagers over forty-five usually speak only Min-nan.

ADMINISTRATIVE SETTING

The village is the smallest political unit in Taiwan. Several villages make up a *hsiang*, and several *hsiang*—plus several *chen* (township)—comprise a *hsien*. Sixteen *hsien*, including the Pescadores, now make up the province of Taiwan. Hsin Hsing village is one of twenty-two villages in Pu Yen Hsiang in Chang-hua Hsien.

The *hsien* is the highest level of government in which the residents of Hsin Hsing and other Taiwanese villages participate, which they do through the elections of *hsien* assemblymen. On the lower level, the villagers vote for their own village officials—*lin* (neighborhood) leaders, mayor, and village representative to the *hsiang* council. The latter council elects the *hsiang* mayor. The present election system, except for the village mayorality "elections" established during Japanese times, was instituted in the postwar period after the arrival of the Chinese Nationalists.

Under the Japanese colonial regime the population had no way to express itself politically on the district, county, or national level. Today, under the Chinese Nationalist government, although the rural population does have a voice in local and district political affairs, the people have little direct influence at the provincial level and no opportunity—either directly or indirectly—to participate in national governmental affairs. Even their influence on *hsien* politics (although assemblymen are elected directly by the people) is very slight.

The Kuomintang, the National People's Party, is considered and referred to as the "Ruling Party" in Taiwan. The party participates in elections for *hsien* assemblymen and for *hsien chang* (magistrate of the county) by running its own candidates who are usually heavy contributors to the party. In Chang-hua Hsien, these candidates are most

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Changing Land Tenure and Its Effect on Community Organization

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The traditional (Ch'ing) land tenure system in Taiwan has undergone a number of modifications over the years. Each was instituted with the advent of a new regime, and marked the inception of major changes in other aspects of rural life. As we have seen, the colonial administration policies of the Japanese were instrumental in producing the first significant involvement of the Taiwanese peasant in the market economy. Nevertheless, it was not until the restoration of Chinese rule, when the population growth began to exert noticeable pressures and the Nationalist Chinese sponsored the Land Reform Program, that major changes took place in the economy which reached directly into most of the areas of Taiwanese rural life.

The system of land tenure in Taiwan has always been a controlling factor in the lives of the agricultural population, and to understand Taiwanese life fully it is necessary to understand the land tenure system and its history. From the late nineteenth century onwards the rural villagers suffered the results of the concentration of landownership into too few hands. This situation culminated finally in the Land Reform Program of 1949–1953, which, for the first time, secured the Taiwanese tenants' rights to the land they tilled through firm rental contracts, reductions in rent, and the Land-to-the-Tiller Program.

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Putting untilled land under cultivation became a great concern of the government at the time of the Manchu conquest of Taiwan in 1683, according to T'ang (1954:23–27). Under the Manchu (Ch'ing) dynasty, any person applying for rights to occupy uncultivated land was considered the owner as long as he kept his acres under proper cultivation. Not surprisingly, this program led to a situation in which people with enough capital, "a relatively small number of great families" (Ginsburg, 1953:32), obtained rights to large amounts of land

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and then hired other people, usually immigrants from the mainland, to cultivate the land for them as their tenants.

As the population increased in the later years of the Ch'ing administration there was increasing pressure on the land, and many tenants began to sublease part of the land to others. These subtenants became the lowest rank in a three-stage hierarchal structure of land tenure (Ginsburg, 1953:26–27, 32–33; Grajdanzev, 1942:72–84; T'ang, 1954: 23–27).

In 1904, nine years after taking control of Taiwan, the Japanese government altered this hierarchal system of land tenure by buying out the original landowner and conferring the rights of ownership on the tenant. When, in 1923, the Japanese applied the Japanese Civil Code to Taiwan, full legal rights were given to the new owner (the former tenant), who was now officially known as "landlord."

This move benefited the original tenant who was given full ownership rights, but it did nothing to improve the lot of the mass of actual cultivators (now tenants instead of subtenants) whose land rent was no lower than before. As a result, "tenancy disputes" became more numerous beginning in 1927. In that year the Japanese authorities encouraged the formation of local associations of landowners and tenants which were charged with the responsibilities of promoting better relations between landlord and tenant, preventing tenancy disputes, and fostering agricultural production (T'ang, 1954:26). Although many such associations were formed, "the question of farm rents was entirely outside of the jurisdiction of these associations. It [the rent question] was not only left unsolved, but there was even a marked tendency for farm rents to keep on increasing" (T'ang, 1954:26).

In 1939, in the midst of the Sino-Japanese war, the Japanese government issued a rent control law which was applicable to Taiwan and Japan alike. This law had little effect in Taiwan because it did nothing to reduce rents; it only stabilized the situation. (See Grajdanzev, 1942:72–84, especially p. 82 for a discussion of the Japanese attempts to deal with Taiwanese land tenure problems.)

Although the farm tenancy system continued, after 1945 the Japanese rent control law of 1939 was no longer enforced when Taiwan reverted to Chinese rule. With the increase in the rural population and the general upset of the island's economy, farm rents began to rise, and demands increasing security and rent deposits were made. Worst of all, in many cases tenants were arbitrarily evicted (T'ang, 1954:25–28).

Tenancy had been a great problem in Taiwan under both the Japanese and the Chinese since landownership was concentrated in the hands of relatively few owners (Klein, 1958:53; see also his Tables 17 and 18). "The high rate of tenancy reflects the great scarcity of cultivable land in Taiwan in relation to the demand for it. Land-

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the land reform act, and used the money for additional investments.

Many former landlords have done poorly at business, and some have even failed because of their lack of experience and training. Others have maintained their economic investments in the villages. Several formerly large landholders in the two villages adjacent to Hsin Hsing continue their activities in their villages and the surrounding area very much as before. Although their landholdings were cut significantly by the land reform, they nevertheless retain their maximum three *chia* of land. Also, in some instances, a number of landlords prior to the 1953 act managed to retain control of more than the three *chia* limit by legally dividing their family and then transferring portions of their land to the names of other members of their family. By virtue of their positions many landlords, especially those who worked as minor officials or civil servants in the local administration or who were well acquainted with officials, became aware of the ins and outs of the proposed land reform laws and so knew exactly how to manipulate their landholdings legally in order to retain as much land as possible.

Even today landlords may, and do, buy land in excess of three *chia* and then hire laborers to till it for them. As long as they do not rent the land out they seem to be safe from legal action. A few landlords who manage to buy additional land are still doing so in the names of other members of their family and in such cases then actually rent the land out to tenants. But it appears that the fear of another Land Reform Program in the future, as well as the increased movement of the landlords' economic interests outside the rural area, serves to deter many landlords from attempting to reaccumulate landholdings, even by the devious but legal means.

Another frequent activity of landlords who have chosen to maintain their economic interests in the Hsin Hsing area is that of moneylending. The small farmer, having little to offer as security, still continues to resort to the local moneylender for cash or other loans. The local moneylender lends fairly large amounts for longer periods of time than any agency of the government or association but, of course, at extremely high interest rates.

The landlords will continue to engage in moneylending as long as the farmer has credit difficulty. If a good profit can be made from moneylending, it is evident that the wealthy landlords will not willingly transfer their economic interests into more productive economic activities.

Traditionally, the village landlord has played a major role in the leadership of his village and its immediate vicinity. During the Japanese period, such leadership roles were greatly reinforced by the Japanese, who preferred to handle village problems through the wealthy landlord class rather than by dealing directly with the "peas-

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anta." The Hsin Hsing villagers readily recall that the local Japanese police and officials showed respect only for the well-to-do landlords. Consequently, if the villagers were to get along successfully with the Japanese, they had to work through their landlords. They usually elected a landlord to handle local village affairs and to represent village interests in dealing with the Japanese authorities.

The arrangement was also to the landlord's advantage. As the official leader, he wielded greater power by which he could more easily manipulate the villagers, and even the tax collector, to his own advantage. His recognition as a leader by his fellow villagers and by the authorities also increased his prestige.

Not only was such a landlord the elected village political leader but he might often be an informal leader as well, a person who took an active part in most of the social and religious affairs of the village. He usually contributed money and time to help make these affairs a success. The efforts of the landlord helped to build up his reputation as a public-spirited citizen. Frequently, he assumed the role of mediator in discussions of village and intervillage problems and in disputes between his own villagers or even between members of other villages. When the landlord's efforts as a mediator extended beyond his own village, he enhanced his own reputation in the whole area and that of his village as well.

These conditions continued after the restoration into the post-land reform period. Today, the landlord class continues in the rural area and wields power in local grass roots politics as well as in socioeconomic affairs. In most villages the recognized leaders are still those who are rich, maintain big landholdings, and have had a fairly good education. Such people may also have influence—perhaps by virtue of a relative—in some government agency. It is still a great advantage to a village to have a wealthy representative of the landlord class to deal successfully with authorities. Many, if not most of the government officials, are drawn from this class, since they are educated and usually wealthy.

However, this picture is beginning to change. Village affairs are being profoundly affected as many former large landlords and traditional local leaders transfer their economic interests and activities away from the land to new business interests elsewhere. When a landlord gives up his major economic interests in the area, it is usually not long before village social, religious, and political activities become much less important to him. Because the personal advantage is gone, he is no longer concerned with maintaining his status or leadership role. He may even move his residence out of the village in order to be closer to his new economic interests.

Villages suffering such a loss of local leadership have reacted in two

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eating, while continuing to push more food on him. When old people talk, even though the younger people may consider their words pure nonsense, they merely smile and agree. When the evening is over there is usually some young grandchild waiting to lead the old man back over the dark paths to his house.

Frequently, even though the older man has virtually retired as head of the household, he may still bear the title of *chia chang*. In such instances, it is usual for him, rather than for the son who is actually head of the house, to be elected to village positions. These positions may be political, religious, or social: the man may be charged with the arrangements for the *pai-pai* for the village god or elected *lin chang*, and so on. Although everyone knows that old men are not able to handle the extensive duties of these jobs, they are nevertheless elected by their fellow villagers out of respect. The selection is made with the knowledge that the duties and responsibilities of the position will be carried out by the man's sons, but his election tends to give the old man a great deal of face in the village. This arrangement is made possible by the manner in which elections are usually conducted in the village. Although there is an election, the outcome is usually pretty well predetermined by the families concerned, who agree before the vote is cast who will be elected and who will actually serve in the position.

ILLNESS, DISEASE, AND MEDICINE

As has already been shown in Chapter 2, the tremendous increase in population on Taiwan is a reflection of the great reduction in the death rate, which results, primarily, from the lower incidence of fatal diseases. The control of disease has been effected by such factors as public health programs which have helped eliminate diseases like cholera and malaria, an increase in the number of Western-style doctors, an increased reliance on Western medicine and medical techniques, and somewhat better sanitation as a result of education of the public and governmental enforcement of health standards.

It was during the Japanese period that Taiwan saw the advent of Western-style doctors and medicines, especially in the 1930's. However, they were few, and their practice was limited mainly to the wealthy. The benefits of their knowledge, therefore, and the everyday use of Western-style medicines did not reach many of the rural people. During this period the rural people continued to rely primarily on Chinese doctors and herbal medicines, as well as magical cures effected by shamans and healing priests. (The magical techniques are discussed more fully in Chapter 8.) However, public health measures introduced by the Japanese government to combat epidemic diseases did benefit

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the rural people. Some forms of improved sanitation reached the rural areas through the schools and, perhaps more effectively, through the publishing of government edicts enforcing practices of sanitation. Semiannual government inspections forced villagers to clean up their houses and the villages twice a year. The inspections were carried out by the Japanese police and civil officials, and any family which did not pass the inspection was subject to fine and to reinspection, which meant that "the party was punished by having to clean up all over again." The policy of inspections instituted by the Japanese has been continued under the Nationalist Chinese regime.

During the latter part of the war, and especially after the restoration of Chinese rule to Taiwan, there was a marked increase in the incidence of disease, particularly communicable diseases. There was even a recurrence of cholera. This was a direct result of the poor living conditions brought about by the war and, with the coming of the Chinese government, a chaotic administration which was unable or unwilling to deal with health problems. However, the situation gradually began to improve after 1948 and 1949 when Taiwan became the new stronghold of the Nationalist Chinese regime. This improvement is evidenced by the general situation in the Hsin Hsing area. Beginning in the early 1950's the number of Western-style doctors practicing in the area increased. At this date, there are a number of such doctors, and the villagers consider their fees reasonable and within their means. The reason for this great increase lies in the different licensing practices of the Japanese and the Nationalist governments. Under the Japanese a man had to be a graduate of a medical school before he could practice medicine; under the Chinese government, the applicant is required only to pass a practical examination. This means that people who have worked in hospitals as aides or technicians and have had some opportunity to observe others practicing medicine may have accumulated enough knowledge to pass the examination and obtain a license. Therefore, while there are now a large number of licensed doctors practicing in the Hsin Hsing area, only a few who went to school in Japan have had formal medical training.

In addition to the great increase in the number of doctors practicing in the local area, in recent years there has also been a marked expansion in the number of private and public hospitals in the cities. These hospitals, which are sometimes very large, can accommodate many patients, house relatively modern facilities such as operating rooms, X-ray and other equipment, and provide modern drugs for patients. Although most of the patients treated in these hospitals are city people, village people sometimes go to them for treatment. They are usually referred there by a local doctor who is capable of diagnosing an illness as one requiring hospital care or who is honest enough to

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Hsin Hsing, Village in Change

In the preceding chapters we have seen how the Hsin Hsing villager, a peasant who was tied to the land and the village community and primarily involved in a basically subsistence type of agriculture, is being transformed to one who is becoming more and more involved in the market economy of the country and who has widespread contacts with an urban way of life. We have seen how such developments are affecting village social organization, community and kinship solidarity, and some of the general patterns of village life. We have also seen that although many features of traditional Chinese culture are still evident in the Hsin Hsing village area (especially in the realm of religion, which continues to be a source of community unity), the impact of increased urbanization in Taiwan in recent decades has brought about important and rather rapid socioeconomic and cultural changes. This has been especially marked in the roles of the village and kinship organizations that were previously the peasants' chief sources of identification and security. We now turn to a description of modifications and changes in traditional values and behavior that further indicate the inexorable direction of change in Hsin Hsing.

Social change is not new to Chinese society. It has been going on for a long time in Taiwan, as well as on the mainland of China, as a consequence of the continuing process of urbanization. However, the process in Taiwan has been accelerated as a direct result of Japanese rule followed by the present rule of the Nationalist Chinese government.

Until the early part of this century, rural society in Taiwan had been relatively stable for many years. Population growth was slow, and there was enough land for the people. Members of the economic families had close relationships with the village as a community as well as with their localized kinship groups. As long as communications were poor, banditry a constant danger, and mobility limited, village unity was essential to security and even survival. Cohesive, tightly knit single surname villages were quite powerful and frequently the de facto govern-

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ment of the local area. In such villages, composed of a single large *tsu* organization, the *tsu* could virtually control the lives of its member families, unite the entire village population on the basis of common kinship, and thus furnish security to all its members. But even villages like Hsin Hsing, fragmented into many small kinship groups, found their security in complete identity with the village, which made it possible for them to band together and cooperate for mutual security against the everday dangers and problems.

The coming of the Japanese at the end of the nineteenth century saw the introduction of a strong central government which led to an increased orderliness of life. The Japanese also introduced an expanded and efficient system of communications and public health and sanitation measures. These measures, coupled with a stable and secure life, made possible a radical increase in population which became even more pronounced in the late 1940's and 1950's under the Nationalist Chinese government. As all of these developments took place, particularly the maintenance of local order, the ties of the village began to loosen with the loss of its protective function and ability to initiate control beyond its own village boundaries.

In Hsin Hsing (and probably other villages like it), some of the numerous kinship groups began to increase in size and develop into *tsu* organizations as described in Chapter 5. With growth, each group became increasingly concerned with its own sociopolitical influence within the village and even in the nearby area, especially as the former imperative necessity for village unity declined. Thus, Hsin Hsing began to develop into a village with several significant competing *tsu* organizations which started, to some degree, to undercut the formerly necessary coalition of the different village kinship groups. So began the weakening of Hsin Hsing village as a unified community.

As the population increase continued in recent decades, and an already developing problem of land scarcity became even more extreme, it gradually became both necessary and possible for increasing numbers of rural villagers to migrate to the growing cities to find work to supplement their insufficient income from the land. This migration has broadened the villagers' urban contacts and relationships beyond the village. At about the same time, as we have seen in earlier chapters, the villagers have become increasingly more dependent upon and involved with the greater market economy. This has become especially true as patterns of land use have changed in response to all of the changing conditions, so that many villagers are increasingly shifting from what was primarily a subsistence form of agriculture to what is now participation in the market economy of the country. Therefore, there has been an acceleration of the impingement on the village by the outside world.

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NOTES

Chapter 1: Introduction

[1] During the last six or seven years of their regime, the Japanese government attempted to strengthen support of the war effort amongst the Taiwanese population. To do this, they expanded the compulsory school system and put in force many new regulations, i.e., only the Japanese language was used in the schools, Shinto religious symbols such as the Shinto God's shelf (*kamidana*) and Japanese patriotic scrolls replaced the traditional Taoist gods' statues and scrolls, Japanese festivals were observed, and many Taiwanese had to take Japanese names. However, immediately after war's end, the Taiwanese reverted to their traditional Taiwanese (Chinese) customs.

Chapter 2: The Setting

[1] The amount and distribution of rainfall in the Hsin Hsing area is: January .79–1.97 inches, April 5.95–5.90 inches, July 7.86–11.80 inches, October .79 inches. The average annual rainfall in the Chang-hua Hsien area is 59.37–59.05 inches.

[2] A great many of the overseas Chinese living in the Southeast Asian countries also came from the Ch'uan Chou and Chang Chou areas near Amoy.

[3] The historical information gathered from older residents of the area was based mainly on their own experiences as children and on stories told to them by their elders.

Some of the numerous gazetteers available are listed in the section of the bibliography on Chinese and Japanese Language Sources. Chen Shao-hsing, Professor of Sociology and Demography at National Taiwan University, first warned me in 1957 that some problems exist in using these and other such materials in attempting to gain detailed information about Taiwan generally, or about local areas particularly. Although Chen notes in his recent book (1964:196–197) that some earlier Ch'ing dynasty chroniclers, e.g., Chen Meng-lin, author of *Chu Lo Hsien Chih* (1718), and Chen Wen-ta, compiler of the *Taiwan Hsien Chih* (1720), were reliable, he also points out that some later ones such as Yu Wen-i (1758), Wang Ying-ts'eng (1764), Hsieh Chin-luan (1807), and Chen Shu-chün (1852) were unreliable. Chen (1964:196–197) points out that these latter authors cited what was mentioned in the Chen Wen-ta (1720) book regardless of the actual change in customs through time. Apparently, then, they employed the practice of compiling at least some of their data from previously written gazetteers rather than going out into the countryside to obtain the necessary information. But even the reliable gazetteers usually still presented a composite

Since March, 1948, a refining process has been instituted in the government-managed camphor industry.[37] In areas where Taiwan and Japanese economy complement each other, a trade agreement was signed with Japan on September 6, 1949 under which Taiwan sugar, salt, camphor, cement, and pears are to be exchanged for Japanese consumer and capital goods at an estimated annual volume of US$100,000,000.[38]

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Government-owned and -operated enterprises dominate Taiwan's industrial field. As of 1950, there were 79,058 publicly operated units employing 63,065 workers. Available statistics place privately owned industrial units at approximately 67,660 employing 53,310 workers. Production figure for public industries in 1949 is about NT$718,000,000 as against NT$600,000,000 for private enterprises.[39]

This situation may be accounted for by the predominant position of Japanese-owned industries in Taiwan which were acquired by the Chinese Nationalist government following the Japanese surrender in September 1945. Since then, petroleum, aluminum, gold and copper mining, salt, coal mining, and steel works have been taken over by the National Government. Power, sugar, fertilizer, cement, alkali, pulp and paper, shipbuilding, and machine tools have been jointly operated by the national and provincial authorities on a capital division of 6 to 4. Some smaller mining units, camphor, tobacco and wine monopoly, and agricultural and forestry enterprises have been managed by the provincial government. The rest, being of smaller scale, have either been taken over by county or municipal govern-

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Reconstruction, Vol. 2, pp. 473–74, where the total 1948 demand was estimated to be 141,727 tons.

[37] For a general description, see *Taiwan Reconstruction*, Vol. 2, pp. 436–46.

[38] For detailed listings, see *Taiwan Reconstruction*, Vol. 2, pp. 357–61.

[39] *Taiwan Today*, pp. 121–22.

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is lacking and what there is has low morale; American allies are weak, apathetic, and unwilling to fight; American bases across the world are not impregnable; possession of the atom bomb is not a monopoly and, besides, atom bombs cannot win wars; America's industries are geographically concentrated and easy to destroy; and the material resources of the "peace camp" are almost equal to America's. In other resources the "peace camp" is superior—in manpower, productive capacity, and strategic position, and above all in the morale due to the social system.[25]

If comparisons of this sort were only propagandistic in purpose, they could be and indeed are being counteracted with some promise of success. But the aggressions in Korea and Tibet, the appeals to other Asian peoples to revolt and to rely upon the strength of the "peace camp," the disdain of methods for the peaceful settlement of disputes, and, generally, a haughty attitude in communicating with non-Communist nations seem to indicate that the Communist leaders have talked themselves into believing all these things themselves. Some success with their methods and the backing of the Soviet Union may well induce them to continue their campaign for the "liberation" of Asian peoples. In the past the Chinese have many times shown great boldness in words; they may now want to demonstrate their prowess. That they should have picked the United States as the object of this demonstration is a sad ending to a long, though by no means selfless and high-minded friendship. Of all the important powers with which China has had relations during the last hundred and ten years, this much at any rate can be said, that those with the United States have been the least unpleasant.

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The government of Chiang K'ai-shek on Formosa and the few million inhabitants and refugees on that island remain the only Chinese with whom the United States and the many other nations which still recognize the National Government can maintain peaceful relations. For a few months after the Communists gained power on the mainland even that possibility was doubtful.

Chiang's government had meager resources to guarantee its own survival and keep Formosa out of Communist hands. At the sacrifice of some islands, Hainan most prominent among them, the Nationalists concentrated all their forces and equipment on the island of Formosa.[26] But it is quite probable that at the beginning of 1950, if the Communists had decided upon a determined attempt to capture Formosa, the Nationalists could not have held out for long. Apparently the Communists

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did not make such a decision or did not implement it until early in the summer of 1950. It was only then that rumors of an intended invasion and reports of troop accumulations opposite the island began to spread and increase in intensity.

The United States was the only country from which any help could be expected. The Nationalists looked with anxious eyes to Washington. Their close American friends argued for immediate and full support. They wanted the United States to guarantee the safety of the National Government and of Formosa. But President Truman decided differently. He announced on January 5, 1950, that the United States would not give military aid to the Nationalists, had no predatory designs on Formosa or any other Chinese territory, and had no desire to acquire special rights or privileges or to establish military bases on Formosa.[27] This was bad news to the Nationalists. But the picture was not altogether black. Chiang's fight for continued recognition at the United Nations indicated that the Nationalists had not been forsaken by all the nations of the world, that indeed a sufficient number were on their side to make their struggle successful. American economic aid continued to flow to Formosa, and the Nationalists expressed confidence that if enough of it arrived, they could hold Formosa against Communist attacks. This confidence, however, did not prevent them from periodically asking publicly for a common front to defeat communism or for increased economic aid, or even for military advisers. Furthermore the many visits of American officials to Formosa and the many calls of Chinese officials in the United States on American officials and friends indicated that Chinese diplomatic activity was intense.

For a while it had no visible success. The American debate over policy in regard to Formosa grew increasingly bitter, but the Administration stood fast by its refusal to give military assistance or support to the Nationalists. A statement by Secretary of State Dean Acheson on June 2, 1950, to the effect that the United States must prevent the further spread of communism may have foreshadowed the change in policy which came on June 27 with President Truman's order neutralizing Formosa. The development of American policy toward Formosa from that moment on led eventually to military as well as economic support for the National Government.

The Chinese on Formosa were not altogether happy with the president's order. They welcomed it, in the words of Foreign Minister George

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Yeh, as "a most welcome sign of comradeship in the fight against communism." But they had some fears. The president's statement accompanying his order seemed to leave open the future status of Formosa, and this was as disturbing to the Nationalists as to the Communists. There was mention of the possibility of making Formosa a trust territory under the United Nations, to which the Nationalists strongly objected.* Above all, the neutralization prevented the Nationalists from attacking and eventually invading the mainland, prevented them, in other words, from realizing their most intense desire. The Nationalists made their position clear. Foreign Minister Yeh stated that the president's order did not affect the status of Formosa as determined in the Cairo Declaration nor China's authority over it. The order was an emergency measure, Yeh pointed out, which he hoped would succeed in ending the Korean War, but if it did not, other and stronger measures would have to be taken.[28]

Most of the Chinese fears were allayed after numerous diplomatic contacts and the organization of expanded American support for the National Government on Formosa began. Following a recommendation by General MacArthur, a group of American military officers made a report on the military situation on the island. In accordance with the report, and after the behavior of the Chinese Communists before the United Nations in November 1950 had indicated that the chances of peace in Korea were extremely poor, the United States government resumed shipments of military supplies in December 1950. Even then this action was kept secret for a few months, so that no remotest chance to settle the war might be missed.[29]

The supply of weapons and other military equipment was formalized in an American note to the National Government on January 30, 1951. In it the United States offered military aid to the Chinese on four conditions: (1) the supplies were to be used only for the island's "internal security or its legitimate self-defense"; (2) classified material and information were to be kept secret; (3) American personnel was to be received on the islands to see that the supplies were used properly; and (4) no military materials were to be transferred or sold by the National Government without previous consultation with the United States government. The Chinese accepted this offer on February 9.[30] Together with

* The same idea was mentioned in the halls of the United Nations in April 1953 and was characterized by T. F. Tsiang of Nationalist China as "too ridiculous to consider." — *New York Times*, April 9, 1953.

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the arms and other matériel a military mission (assisting, not advisory, it was remarked officially) of several hundred Americans was sent to Formosa in April 1951. The Chinese received them with good grace, and President Chiang pledged his cooperation, which presumably meant that the usual resentment of the Chinese officers at foreign interference would not be permitted to lead to friction.[31]

The arrival of the military mission lifted the morale of the Nationalists. They took it as definite proof that the "neutralization" of the island would not be permanent. The constant American stress upon the purely defensive purposes for which military aid was given was not taken very seriously. The Chinese felt that the Seventh Fleet was a perfect protection of the island and that no further defense was necessary. They liked to believe that the strengthening of their army was therefore for different purposes: the invasion of the mainland.[32] In spite of increasingly larger American supplies to the island,[33] there was, however, no evidence that American policy would support such a step. When President Eisenhower took office, American policy changed. The "deneutralization" of Formosa early in 1953 freed the Nationalists to raid and, if they could, invade the mainland, though apparently not without prior consultation with American authorities. By their own admission in February 1953, Nationalist armed forces were not yet adequately equipped for a full-scale invasion, but the president's move was a great help to the morale of the Nationalists and taken by them as aligning American opinion with their own conviction that only pressure on the mainland could solve the problem of peace in the Far East.[34]

Parallel with military assistance, economic assistance is now being given in large measure to the Chinese on Formosa. Until the United States took positive action to ensure the island's security, the main purpose of the ECA program was to assist in current economic needs, to put the island's economy back on its feet, and to strengthen the confidence of its inhabitants. Thereafter the program was greatly enlarged and based on long-range planning, with a view to making the island self-sufficient. Since 1950, about $100 million worth of goods and services – half the amount of military aid – has been supplied annually. Assistance has been directed toward four basic needs: (1) immediate requirements, especially in commodities; (2) increased farm productivity and improved rural welfare; (3) reconstruction of war-damaged industries and their further development; and (4) technical advice.

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There is widespread agreement that the program has been very successful.[35]

Compared to American–Nationalist Chinese relations, the relations between Formosa and other nations are insignificant. Toward those nations which have recognized the Communist regime, the Nationalists are naturally very bitter. Madame Chiang K'ai-shek, for instance, in an outburst of great anger, attacked Great Britain as a "moral weakling who has bartered her soul for thirty pieces of silver."[36] With the exception of Japan, relations of the Nationalists with the nations other than the United States with which they continue to have dealings are somewhat devoid of substance and take place mostly in the United Nations.

The major issue that was to be settled between China and Japan was the signing of a peace treaty. This had become a very complicated affair in view of the existence of two Chinese governments, each of which had been recognized by a number of the nations participating in the San Francisco conference dealing with a peace treaty for Japan, and neither of which was invited to participate in the conference. It was left to the Japanese government to determine with which Chinese government it wanted to sign a treaty, and its choice was the National Government on Formosa.

Negotiations began early in 1952. Three points in the proposed treaty emerged immediately as difficult of settlement. The first was the exact title of the treaty. The Chinese insisted adamantly that the title had to make clear that the treaty was a full-fledged peace treaty, while the Japanese hoped to avoid the use of the word peace in the title. The second point was the extent of the territory to which the treaty should apply. The Japanese insisted that the treaty could cover only those territories under the actual control of the National Government at the signing of the treaty or coming under its control thereafter. The Chinese insisted that China was a sovereign entity and the National Government its legal representative, that therefore there should be no provision in the treaty regarding the scope of its territorial applicability. The third point referred to reparations and the date from which Japan's liability was to begin. The Chinese maintained that the state of war began on September 18, 1931, when Mukden was attacked and Manchuria occupied, whereas the Japanese suggested July 7, 1937, when the incident at Lukouchiao renewed the war between the two powers.[37]

After several months of sometimes bitter negotiations, a Treaty of

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Peace was signed in Taipei on April 28, 1952. Peace was thus introduced into the official title of the treaty. On the other hand, there is no specific reference to its territorial scope. In an exchange of notes accompanying the signing of the treaty, however, the two powers agreed that its terms "in respect to the Republic of China, be applicable to all the territories which are now, or which may hereafter be, under the control of its Government."[88] In many respects, the treaty follows the San Francisco Treaty of September 8, 1951. In essence it eliminates the special rights and privileges which Japan had gained during the past fifty years by her ruthless methods. It leaves details of the new Chinese-Japanese relations to subsequent agreements. One of these, regarding trade, was concluded, after some difficult negotiations, on December 13, 1952. It foresees a considerable expansion of trade with Japan, which is already Nationalist China's biggest customer and supplier of commodities.[89]

The relations between Nationalist China and the Western powers and Japan are friendly, as they are bound to be. Formosa would have no chance of survival without foreign, especially American, help. The National Government therefore has no bargaining power at all and is dependent upon the good will of the United States. The development of American policy toward Formosa indicates that American support is not a matter of love but of strategic considerations, as of course the Nationalist Chinese realize. They do not hesitate occasionally to point out some of their grievances. Chiang K'ai-shek, on Christmas Day 1952, gave vent to feelings of bitterness dating from the early postwar years when he recalled – for no apparent reason – that the Western powers "kicked us while we were down, encouraged the enemy to knock us out, and rejoiced at our defeat." The objective of Foreign Minister Yeh's speech on November 1, 1952, at the United Nations was clearer when he warned: "If, in our anxiety to conclude an armistice in Korea,* we

* The final truce terms since agreed upon were approved by Chiang K'ai-shek, but only with the warning that the Communists could not be trusted and that they sought, not peace, but rather a breathing-spell to prepare for attacks elsewhere in Asia. He expressed his conviction that in the end the Communist menace could be eliminated only by a victory, not by a compromise. If United States policy was "really aimed" at the elimination of communism, he felt, such a victory could be achieved. The desiderata would be a security pact in the Pacific, the granting of all his requests for matériel from the United States, full support of Syngman Rhee, and a "strong" policy – short of war – toward the Chinese Communists. – *New York Times*, July 21, 28, 1953.

The signing of the armistice, of course, is making it more difficult for the generalissimo to obtain outside help, without which he cannot hope to invade the mainland.

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should unwittingly provide the aggressors with the opportunity to prepare themselves for further acts of aggression, we would be defeating the very purpose for which we entered into the truce talks."[40] Remarks of this kind are a reflection of the well-justified distrust the Chinese have developed in dealings with the big powers and show their fear of being treated as pawns. That the Chinese Nationalists should in their present condition have this fear and distrust to a heightened degree is easily understandable. That the Communist Chinese should no longer harbor the same feelings toward the Russians is almost impossible to believe.